

RANDFONTEIN LOCAL MUNICIPALITY



SUPPLY CHAIN MANAGEMENT POLICY

2016/2017

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CHAPTER 1

1. INTRODUCTION

This document sets out the basis for a supply chain management framework for the Randfontein Local Municipality to be adhered to by all office bearers and staff involved in the procurement of Goods and Services. In terms of section 111 of the Municipal Finance Management Act, 2003, Act no. 56 of 2003, Municipalities must have and implement a supply chain management policy that:

- a) Gives effect to:
 - (i) Section 217 of the Constitution of South Africa;
 - (ii) Other applicable provisions of the MFMA;
- b) Is fair, equitable, transparent, competitive and cost-effective
- c) Complies with:
 - (i) The regulatory framework
 - (ii) Any minimum norms and standards that may be prescribed in terms of section 168 of the MFMA
- d) Is consistent with other applicable legislation
- e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres
- f) Is consistent with national economic policy concerning the promotion of investment and doing business with the private sector.

The Municipality may not act otherwise than in accordance with its supply chain management policy when:

- Procuring goods and/or services;
- Disposing of goods no longer needed;
- Selecting contractors to provide assistance in the provision of Municipal services;
- In a case of municipality, selecting external mechanisms as referred to in section 80 (1) (b) of the Municipal Systems Act, for the provision of municipal services.

The supply chain management framework endeavours to:

- a. Provide a supply chain management system to be implemented by the Randfontein Local Municipality for the procurement of goods and services
- b. Provide an effective system for:
 - (i) Demand management
 - (ii) Acquisition management
 - (iii) Logistic management

- (iv) Disposal management
- (v) Risk management
- (vi) Performance management

The procedures contained in this document would be supplementary to the Preferential Procurement Policy Framework Act (Act 5 of 2002), accompanying legislation and regulations applicable for the purchase of all goods and services including:

- a) General Goods
- b) Specialized goods and equipment
- c) Professional services
- d) Capital projects
- e) Hiring and letting or disposal of goods and assets.

The supply chain management policy shall remain a dynamic document characterized by continuous legislative changes and influenced by local and international trends which would require continuous adjustments.

CHAPTER 2

2. DEFINITIONS AND INTERPRETATIONS

The following words and expressions with capital letters shall have the assigned meanings, when used in this policy and related documentation.

- 2.1 Acceptance of a Bid:** Means the award of a contract to a bidder in response to a bid or price quotation.
- 2.2 Contract:** A legally binding agreement between the Municipality and the contractor for the latter to provide goods, services, engineering and construction works, or professional services in return for payment by the former. A contract in the public sector is only legally binding if it is accepted by the person who has delegated authority to do so
- 2.3 Classes of Contract**
 - 2.3.1 Major:** Contracts which are of sufficient scope and size to warrant the attainment of socio-economic objectives by means of resource specifications.
 - 2.3.2 Minor:** Contracts which have a lower financial value than major contracts and in which direct preferences are utilized to achieve socio-economic objectives
- 2.4 Closing of Tender:** The closing date and specified time in the tender documents for the receipt of tenders.
- 2.5 Consultant:** is used interchangeably with Professional Services Provider.
- 2.6 Contractor:** Any person, body, or legal entity that is under contract to the employer for the performance of the contract. A bidder or supplier whose bid has been accepted becomes a contractor.
- 2.7 Delivery:** Delivery in compliance with the conditions of the contract or order.
- 2.8 Emerging Enterprise:** A business which is 50% plus owned, managed and controlled by historically disadvantaged persons and is faced with the challenges to overcome impediments arising from the legacy of apartheid.
 - 2.8.1 Township – Based Suppliers and Cooperatives** that meet the above mentioned definition with a verified residential/business address within a Township
- 2.9 Firm Prices:** Prices that are fixed and that are only subject to statutory changes e.g. VAT, and customs and excise duties.
- 2.10 Generic Categorization of Contracts**
 - 2.10.1 Goods:** The supply of equipment, machinery, raw materials and other materials or commodities made available for general sale.
 - 2.10.2 Services:** The provision of functional services like transportation, installation, commissioning, training, security, gardening, maintenance and labour and/or work

carried out by hand, or with the assistance of equipment and plant and including the technical input, as necessary, or knowledge-based expertise

- 2.10.3 Engineering and Construction Works:** The provision of a combination of goods and services arranged for the development and provision of an asset, including building and engineering infrastructure or the refurbishment of an existing asset.
- 2.10.4 Professional Services:** The provision of a fiduciary basis of labour and Knowledge-based expertise which is applied with reasonable skill, care and diligence in accordance with the provisions of the professional services contract.
- 2.11 Indices:** Means indices published by Statistics South Africa, Seifsa and other bodies approved by various departments, reflecting price adjustments or changes of costs.
- 2.12 Local Content:** That portion of the tender price which is not included in the imported content provided that local manufacture does take place.
- 2.13 Manufacture:** The production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.
- 2.14 Non-firm Prices:** Prices other than “firm” prices which are subject to
 ⇒ rate of exchange
 ⇒ published indices
- 2.15 Order:** An official written order issued for the supply of goods or the rendering of a service.
- 2.16 Professional Services Provider (PSP):** Any person or body corporate who Contracted to the employer for the provision of professional services.
- 2.17 Price Quotation:** A written offer on any documentation which is not necessarily subject to the General Conditions contained in the standard bid document, and which is invited and dealt with in the manner prescribed by the Municipality.
- 2.18 Quote:** An offer of prospective suppliers of goods or services which is not submitted in the form of a bid document but is subject to a specification, conditions of purchase and any schedules and/or annexure such as drawings or plans.
- 2.18.1 Strip and Quote:** Procurement of goods and services with pre-agreed conditions and exempted from normal procurement processes. Approval has to be granted by Provincial Treasury.
- 2.19 Resource Specification:** A specification which is used to measure, quantify, verify, and audit the engagement by a prime contractor of targeted enterprises and/or labour in the performance of a contract.
- 2.20 Responsive tender:** A responsive tender is one which conforms to all the terms conditions and specifications of the contract without material deviation or qualification.
- 2.21 Targeted Procurement (TP):** A system of procurement which provides employment and business opportunities for marginalised individuals and communities enables procurement to be used as an instrument of social policy in a fair, equitable, competitive,

transparent and cost effective manner and permits social objectives that can be quantifiable, qualitative, verified and audited.

2.22 Targeting Strategy: The approach which is adopted in procurement to achieve specific socio-economic deliverables, or to provide opportunities of participation to specific targeted enterprises, or targeted labour.

2.22.1 Locality Objectives: Stipulating locality as part of the selection criteria for functionality in evaluating bids and quotations. Differential weighting for Greater Randfontein, West Rand, Gauteng and South Africa

2.23 Broad Based Black Economic Empowerment Level and or Status

Means:

Means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act

2.23.1 Transformation Imperative Objectives: Specific targets that can be set to achieve vital transformation objectives in line with the revised BBEE Act

2.24 Commercially Useful Function: The performance or actual work, or the provision of services, in the discharge of any contractual obligation which shall include but not be limited to the performance of a distinct element of work which the business has the skill and expertise to undertake and the responsibility for management and supervision.

2.25 Validity period: The period for which offers are to remain valid and binding as indicated in the bid documents, and is calculated from the closing date of the tender.

2.26 Tender: A written offer on the official bid documents forming part of an invitation to tender, which invitation has been dealt with in accordance with the requirements of the RLM procurement policy.

2.27 Bidder: Means any natural or legal person submitting a bid or a price quotation.

2.28 Women Equity Ownership (WEO): The collective ownership percentage of full time executive directors within an enterprise who are women.

2.29 RLM: Randfontein Local Municipality (this word shall be used interchangeably with Municipality)

2.30 Written” or “In Writing”: Means handwritten in ink or any form of electronic or mechanical writing.

2.31 Municipality in the context of this document shall assume the meaning of RLM.

2.32 Participation goal(s): The net value of goods, services and works for the supply of which the firm contracts to engaged targeted small, medium and micro enterprises in the

performance of the contract, expressed as a percentage of the tender value of the contract.

- 2.33 Matter of emergency:** Circumstances which are to the belief and understanding of the Municipality's Accounting Officer, in consultation with the Executive Mayor may pose a sudden state of danger, conflict, hazard, disaster, etc. and requires immediate attention.
- 2.34 Matter of necessity:** Circumstances which are to the belief and understanding of the Municipality's Accounting Officer, in consultation with the Executive Mayor, are unavoidable and requires urgent attention.
- 2.35 A case of sole supplier:** Instance whereby a particular firm, organization, business entity, individual, etc., has the exclusive right to supply, provide, produce, manufacture, etc., a specific unit, service, goods, etc.

CHAPTER 3

3.1 LEGAL FRAMEWORK GOVERNING SUPPLY CHAIN MANAGEMENT

The following legislation provides a framework for the procurement of goods and services:

- The Constitution of The Republic Of South Africa Act, (Act 108 of 1996)
- The Rationalization of Local Government Affairs Act, (Act No. 10 of 1998)
- The Local Government Municipal Systems Act, (Act No.32 of 2000)
- Preferential Procurement Policy Framework Act, (Act No. 5 of 2000)
- Preferential Procurement Policy Framework Act – Regulations (2011)
- Broad Based Black Economic Empowerment Act, (Act No. 53 of 2003) as amended
- The Local Government: Municipal Finance Management Act, (Act No. 56 of 2003)
- The Construction Industry Development Board Act, (Act No. 3 of 2000)
- Policy to Guide Uniformity in Procurement Reform Processes in Government

The abovementioned legislation and other applicable legislation make available the necessary regulatory framework that ensures that the implementation of the supply chain management system within the municipality is properly managed and regulated.

The implementation of supply chain management system must, amongst others, be based on the five pillars of procurement which should serve as a corner stone for all the procurement of goods or services within the municipality. The five pillars of procurement ensure that the municipality takes into account, in the day to day procurement of goods or services, value for money, open and effective competition, ethics and fair dealing, accountability and reporting, as well as, equity.

3.2 Five Pillars of Procurement

The supply chain management policy of the RLM shall be implemented in accordance with the following vital principles:

- (i) Value for money

- (ii) Open and effective competition
- (iii) Ethics and fair dealing
- (iv) Accountability and reporting
- (v) Equity
- (vi) Value for money

This remains the essential test against which procurement outcomes must be justified and where all relevant costs and benefits of the procurement cycle are considered. Price alone is often not a reliable indicator.

The procurement system must itself provide value for money and must be carried out in a cost effective manner. Therefore it should:

- (a) Avoid any unnecessary costs and delays.
- (b) Monitor the supply arrangements and reconsider them if they cease to provide the expected benefits.
- (c) Ensure continuous improvement in the efficiency of the internal processes and systems.

(ii) Open and effective competition

This requires:

- (a) A framework of Procurement Laws, Policies, Practices and Procedures that are transparent.
- (b) Openness in the procurement process.
- (c) Encouragement of effective competition through appropriate procurement methods.

(iii) Ethics and fair dealing

Political office bearers, officials and any other party shall ensure that they:

- (a) Deal with each other on a basis of mutual trust and respect.
- (b) Conduct their business in a fair and reasonable manner and with integrity.

Officials dealing in Supply Chain Management are required:

- (a) To recognize and deal with conflicts of interest
- (b) To recuse oneself in the case of conflict of interest
- (c) To deal with tenders even – handedly.
- (d) That they do not accept gifts
- (e) To be scrupulous in their use of public property.
- (f) To be open and honest with bidders
- (g) To honour confidentiality of Government information
- (h) To exercise fair dealing and impartiality in the conduct of tender evaluations
- (i) To exercise the highest standard of professional competence.

The code of conduct for Councillors and officials shall be applicable in cases of unethical and unfair dealings that could emanate from procurement processes.

Accountability and Reporting

Officials shall be held answerable for their plans, actions and outcomes pertaining to the procurement processes. They shall be subject to public accountability through public scrutiny.

(v) Equity

Equity is application and observation of government policies which are designed to advance persons or categories of persons disadvantaged in the past by unfair discrimination. This refers to the advancement of SMMEs and **Historically Disadvantaged Individuals (HDIs)**, as well as **Women Equity Ownership (WEO)** in the abovementioned enterprises, as encapsulated in the Preferential Procurement Policy Framework Act, Act 5 of 2000 (PPPFA) and associated Regulations. The RLM shall uphold and promote PPPFA's and strive to achieve the main objectives of the Act viz:

- (a) Advance the development of HDI's
- (b) Promote SMME's
- (c) Create new jobs
- (d) Empower the workforce of the bidding organization through skills development and training programmes.
- (e) Promote local enterprises
- (f) Encourage community involvement
- (g) Support local products

3.3 Ethical Standards

3.3.1 A code of ethical standards as set out in the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management system of the municipality shall be adhered in order to achieve.

- (a) Mutual respect
- (b) An environment where business can be conducted with integrity and in a fair and reasonable manner

An official or other role players involved in the implementation of this policy:

- (a) Must treat all providers and potential providers equitably;
- (b) May not use his or her position for private gain or to improperly benefit another person;
- (c) May not accept any reward, gift, favour, hospitality or other benefits directly or indirectly, including to any family member, partner or associate of that person, of a value more than R350-00.
- (d) Must declare to the Accounting Officer details of any reward, gift, favour, hospitality or other benefits promised, offered or granted to that person or to any close family member, partner or associate of that person

- (e) Must declare to the Accounting Officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any award of a contract by the municipality
- (f) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any other family member, partner or associate, has any private or business interest
- (g) Must be scrupulous in his or her use of property belonging to the municipality
- (h) Must assist the Accounting Officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system
- (i) Must report to the Accounting Officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including:-
 - (i) Any alleged fraud, corruption, favouritism or unfair conduct
 - (ii) Any alleged contravention of the supply chain management policy
 - (iii) Any alleged breach of the code of conduct for supply chain management practitioners.

Declarations in terms of (d) and (e) above:

- (i) Must be recorded in a register which the Accounting Officer must keep for this purpose
- (ii) By the Accounting Officer, must be made to the Executive Mayor of the municipality, who must ensure that such declarations are recorded in the prescribed register.

The National treasury's code of conduct must be taken into account by the supply chain management practitioners and other role players involved in the supply chain management;

A breach of the code of ethics must be dealt with as follows:

- (a) In the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act.
- (b) In the case of a role player who is not an employee, through other appropriate means in recognition of the severity of the breach
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the MFMA.

3.3.2 Inducements, Rewards, Gifts and Favours to Municipal Officials and Other Role Players

No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant:

- (a) Any inducement or reward to the municipality for or in connection with the award of a contract, or
- (b) Any reward, gift, favour or hospitality to:

- (i) Any official, or
- (ii) Any other role player involved in the implementation of this policy

The Accounting Officer must promptly report any alleged contravention to the National Treasury for considering whether the offending person, and any representative or intermediary through which such a person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

The above contraventions will not apply to gifts below R350.00 but all gifts, regardless of the value or nature, must be recorded in the register.

3.3.3 Sponsorships

The Accounting Officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorships promised, offered or granted, whether directly or through a representative or intermediary, by any person who is:

- (a) A provider or prospective provider of goods or services
- (b) A recipient or prospective recipient of goods disposed or to be disposed.

CHAPTER 4

4.1 THE SUPPLY CHAIN MANAGEMENT SYSTEM

The supply chain management system comprises of the following parts or facets:

- (a) Demand management
- (b) Acquisition management
- (c) Logistics management
- (d) Disposal management
- (e) Risk management
- (f) Performance management

4.1.1 DEMAND MANAGEMENT SYSTEM

In the implementation of the supply chain management policy provision must be made to ensure an effective demand management system. This is to ensure that the resources required to support the strategic and operational commitments of the RLM are delivered at the correct time, at the right price and at the right location, and that the quantities and quality satisfy the needs of the Municipality.

The Accounting Officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality

support its operational commitments and its strategic goals outlined in the Integrated Development Plan

The demand management system must:

- (a) Include timely planning and management of processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quantity and quality at a fair cost.
- (b) Take account of any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature
- (c) Provide for the compilation of the required specifications, special conditions of bids and the determining of specific goals for various bids.
- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized

STEPS TO BE IMPLEMENTED FOR EFFECTIVE DEMAND MANAGEMENT SYSTEM.

Participation in the strategic planning process

- As part of the strategic planning exercise of RLM, the various functions to be executed must be identified. Pursuant thereto, it is necessary to determine the different resources required to execute the identified functions, i.e. water services, sanitation, refuse removal, electrical, etc. These resources must be budgeted for. It is of vital importance to know, even at this stage, the estimated costs of the required resources, including the estimated costs of the required goods, works or services.
- Demand management must be co-ordinated by SCM officials in consultation with end-users. This includes a detailed analysis of the goods, works or services required, such as:-
 - ✓ The scope of the work to be executed;
 - ✓ The time required to complete the project; and
 - ✓ The material, resources, equipment required to execute the project.
 - ✓ The outcome of this activity should be a detailed planning document that outlines what goods, works or services should be procured, the manner in which they should be procured as well as the timelines to execute the procurement functions.

PROCUREMENT PLANNING

Procurement planning should take place at the beginning of the financial year when the RLM's IDP, SDBIP and annual budget have been approved. Procurement plans cannot be developed in isolation; it should instead form part of the RLM's and other functional strategies. The SCM Unit must perform hand-in-hand with End-user departments / directorates in the formulation of procurement plans through a Cross Functional Sourcing Team.

ANALYSIS OF THE GOODS, WORKS OR SERVICES REQUIRED

- During the strategic planning phase of the RLM, the goods, works or services required to execute the identified functions are determined. The SCM Unit should assist the process in ensuring that the identified goods, works or services are the optimum resources required to achieve the goals and objectives of the RLM.

The SCM unit must analyse the goods, works or services required and execute, among others, the following:

4.4.2.1 List the functions to be executed by the institution;

Conduct an analysis of the past expenditure as this exercise may, among others, contribute in determining the manner in which the institution fulfilled its needs in the past; and

4.4.2.2 Compile as detailed list of the goods, works or services required to execute the functions listed as per the first bullet point above.

4.3 PLANNING TO OBTAIN THE REQUIRED GOODS, WORKS OR SERVICES

4.3.1 Together with the end-user, the SCM Unit should apply strategic sourcing principles to determine the optimum manner in which to acquire the required goods, works or services. This entails, among others, the following:

4.3.1.1 Conducting an industry and market analysis of the goods, works or services to be obtained. This must include the determination of a reasonable price for the required goods, works or services;

4.3.1.2. Confirmation that sufficient funds have been allocated for the procurement of the required goods, works or services. If this is not so, the end-user must be informed accordingly. The procurement process should not proceed if funds are not available. Documentary proof must be obtained to substantiate availability of budgetary provisions;

4.3.1.3 Considering the optimum method to satisfy the need, for example whether the procurement should be by means of price quotation, advertised competitive bids; limited bids; procuring the goods, works or services from other institutions, or on transversal term contracts nor ad hoc contracts; pre-qualified bidder list on a rotation basis and strictly for goods/services of critical importance, specialized and or in response to important repetitive needs. The GPT should be asked to approve this list

4.3.1.4 The frequency of the requirement(s) must be established in order to determine whether it would be cost-effective to arrange a specific term contract for the goods, works or service;

4.3.1.5 Establishing whether it would be cost-effective to have the goods available as a store item within the institution. Should this be the case, the minimum and maximum storage levels of these items should be determined and managed; and

4.3.1.6 Establishing the lead time required by the potential suppliers to deliver the required goods, works or services after receipt of an official order.

4.4 MAJOR ACTIVITIES

4.4.1 Demand management must translate the annual plan (SDBIP) and multi-year business plan (IDP) of RLM into current and future needs. The process should consider the following as a minimum:

- 4.4.1.1 Understanding of the current and future needs;
- 4.4.1.2 Linking the requirements with the budget; and
- 4.4.1.3 Ensuring that the need forms part of the IDP of the municipality.
- 4.4.1.4 Consideration of the optimum method to satisfy the need e.g. possibility of procuring goods and services using transversal or ad hoc contracts;
- 4.4.1.5 Consideration of an analysis of previous expenditure in order to determine the manner in which the particular need was fulfilled in the past;
- 4.4.1.6 Indication of the frequency of the specified requirement;
- 4.4.1.7 Assessment of available assets;
- 4.4.1.8 Determination of the economic order quantity;
- 4.4.1.9 Identification of lead and delivery times;
- 4.4.1.10 Planning for publication; and
- 4.4.1.11 Conduct an industry and commodity analysis.

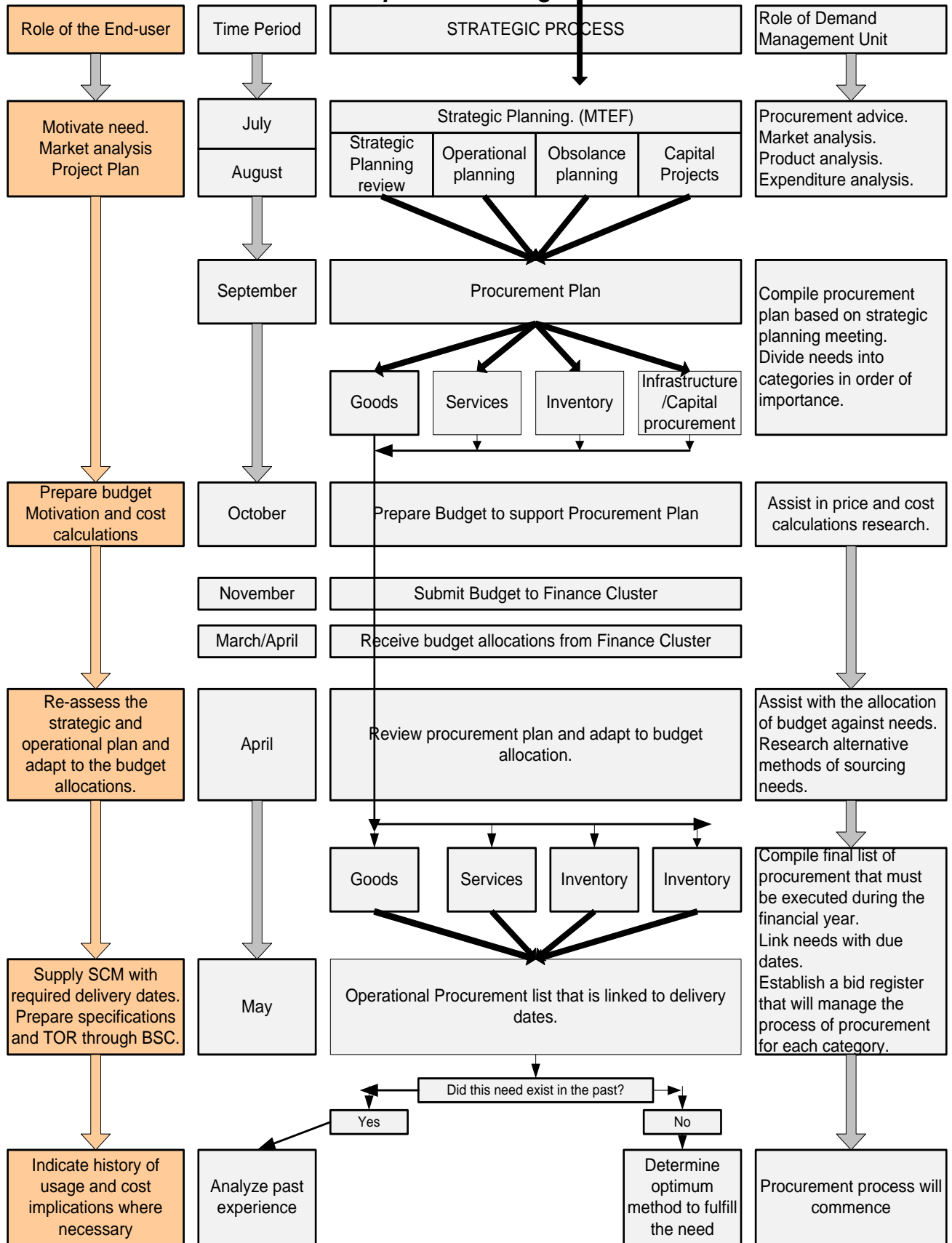
4.5 The demand management function lies at the beginning of the supply chain and is a cross functional exercise which necessitates end users involvement in SCM activities and this shall be performed by a Cross Functional Sourcing Team (CFST) that consists of individuals having the relevant expertise.

4.6 Annual Submission of Procurement Plans:

- Approved Procurement Plans containing all planned procurement for the financial year in respect of good and services/works which exceed R200 000 must be submitted to Provincial Treasury by no later than 31 July of each year.
- Bi-annual Procurement Plan progress reports must be submitted by not later than 15th January while the Annual Report is expected by not later than 30th July of each year.

Annexure A

The coordination of the different plans and budgets



PART TWO

4.1.2 ACQUISITION MANAGEMENT SYSTEM

The implementation of the RLM supply chain management policy shall ensure that an effective system of acquisition management is in place to ensure:

- (a) That goods and services are procured in accordance with authorized processes
- (b) That expenditure on goods and services is incurred in terms of the approved budget in terms of section 15 of the MFMA
- (c) That the threshold values of the different procurement processes are complied with
- (d) That the bid documentation, evaluation and adjudication criteria, and general conditions of contracts are in accordance with any applicable legislation
- (e) That any treasury guidelines on acquisition management are properly taken into account

When procuring goods and services as contemplated in section 110 (2) of the Act, the Accounting Officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including:

- (a) the kind of goods or services
- (b) the name of the supplier

4.2 Delegations of Supply Chain Management Powers and Duties

The council of a municipality must delegate such additional powers and duties to the Accounting Officer so as to enable the Accounting Officer to:

- (a) Discharge the supply chain management responsibilities conferred on Accounting Officer
- (b) Maximize administrative and operational efficiency in the implementation of the supply chain management policy
- (c) Enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism, and unfair and irregular practices in the implementation of the supply chain management policy
- (d) Comply with his or her responsibilities in terms of section 115 and other applicable provisions of the MFMA

No municipal council or Accounting Officer may delegate or sub-delegate any supply chain management powers or duties to:

- (a) A person who is not an official of the municipality
- (b) A committee which is not exclusively composed of officials of the municipality

Sections 79 and 106 of the MFMA provides for the sub-delegation of powers and duties delegated to the Accounting Officer.

4.2.1 Sub-Delegations

An Accounting Officer may in terms of section 79 or 106 of the MFMA sub-delegate any supply chain management powers and duties, including those delegated to the Accounting Officer, but any such sub-delegation must be consistent with the following:

4.2.1.1 The Power to Make a Final Award:

- (a) Above **R10 million** (VAT included) may not be sub-delegated by an Accounting Officer
- (b) Above **R2 million** (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to:
 - (i) The chief financial officer
 - (ii) A senior manager - remove
 - (iii) A bid adjudication committee of which the chief financial is a member
- (c) Not exceeding **R2 million** (VAT included) may be sub-delegated but only to:
 - (i) The Chief Financial Officer;
 - (ii) A Senior Manager;
 - (iii) A manager directly accountable to the Chief Financial Officer;
 - (iv) A bid adjudication committee;

An official or bid adjudication committee to which the power to make final awards has been sub-delegated must within five (5) days of the end of each month submit to the Accounting Officer, a written report containing particulars of each final award made by such official or committee during that month, including:-

- (a) The amount of the award;
- (b) The name of the person to whom the award was made;
- (c) The reason why the award was made to that person.

The written report must be submitted to the Accounting Officer, in the case of an award by:

- (a) The Chief Financial Officer;
- (b) A Senior Manager;
- (c) A bid adjudication committee of which the chief financial officer is a Member;

The written report may also be submitted to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by:

- (a) A manager directly accountable to the chief financial officer or a senior manager;
- (b) A bid adjudication committee of which the chief financial officer or a senior manager is not a member;

The above-mentioned sub-regulations do not apply to procurements out of petty cash.

The above supply chain management regulations may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the bid adjudication committee.

No decision-making in terms of any supply chain management powers and duties may be delegated to an advisor or consultant

4.2.2 Oversight Role of Council

The council reserves its right to maintain oversight over the implementation of this policy.

For the purpose of this oversight the Accounting Officer must:

- (a) Within 30 days of the end of each financial year, submit a report on the implementation of this policy and the supply chain management policy of any municipal entity under the sole or shared control of the municipality, to the council of the municipality.
- (b) Whenever there are serious and material problems in the implementation of this policy, immediately submit a report to council.

The Accounting Officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the Executive Mayor.

The reports must be made public in accordance with section 21A of the Municipal Systems Act.

4.2.3 The Supply Chain Management Unit

A supply chain management unit is hereby established to implement this policy

The supply chain management unit should preferably operate under the direct supervision of the Municipal Manager, Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the MFMA

4.2.3.1 Training of Supply Chain Management Officials

The training of supply chain management officials involved in implementing this policy should be in accordance with any Treasury guidelines on supply chain management training

4.2.4 Delegated Thresholds Values

The following threshold values must be adhered to by all municipal officials involved in the procurement of goods and services for the municipality:

- (a) Petty cash purchases, up to a transaction value of **R1000** (VAT included)
- (b) Written/Verbal quotations above **R1001 up to R30 000** (VAT included)

- (c) Formal written price quotations for purchases above **R30 000 up to R200 000** (VAT included).
- (d) A competitive process for:
 - (i) goods or services with a transaction value above **R200 000** (VAT included)
 - (ii) procurement of long term contracts

The Accounting Officer may, in writing, lower but not increase the different threshold values specified above.

4.2.4.1 Petty Cash

The control and management of petty-cash shall remain the responsibility of the Chief Financial Officer and the Accounting Officer. In order to enhance administrative efficiency and effectiveness, Accounting Officer or the Chief Financial Officer may delegate the control and management of petty cash to heads of departments in the municipality

Petty-Cash purchases shall not exceed R1 000.00 per month per cost centre;

Heads of departments may in turn sub-delegate management and control to their senior management. The sub-delegations:

- (i) Must be in writing;
- (ii) Are subject to such limitations or conditions as the chief financial officer may impose;
- (iii) Does not divest the chief financial officer of the responsibility concerning the delegated duty;

4.2.4.2 Written or Verbal Quotations

The conditions for the procurement of goods or services through written or verbal quotations are as follows:

- (a) Quotations shall be obtained by the Supply Chain Management Unit from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality, provided that if quotations are obtained from providers who are not listed, such providers must register on the list of accredited prospective providers prior to being awarded contracts;
- (b) To the extent feasible, providers must be requested to submit such quotations in writing;
- (c) If it is not possible to obtain three quotations, reasons must be recorded and reported quarterly to the Accounting Officer or another official designated by the Accounting Officer in terms of SCM Regulation 17 (1) (c).
- (d) The Accounting Officer must record the names of the potential service providers requested to provide such quotations with their quoted prices;
- (e) If a quotation was obtained verbally, the order may be placed only against a written confirmation by the selected provider;

- (f) *Proof of physical address of the provider*
- (g) All verbal quotations must be indicated in the provided columns at the back of requisition forms bearing:
 - The name of the supplier spoken to;
 - The contact person and number of the enterprise;
 - The verbal price quoted;
 - The delivery date promised ;

4.2.4.3 Formal Written Price Quotations

The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) Quotations shall be obtained by the supply chain management unit in writing from at least three different providers whose names appear on the approved database list of accredited prospective providers of the municipality on rotation basis
- (b) Quotations may be obtained from providers who are not listed, provided that such providers register on the list of accredited prospective providers of the municipality
- (c) If it is not possible to obtain at least three quotations, reasons must be recorded and approved by the chief financial officer or an official designated by the Chief Financial Officer in terms of SCM Regulation 17 (1) (c).
- (d) The Accounting Officer must record the names of the potential providers and their written quotations
- (e) Furthermore, End-users should refrain from obtaining quotations as this contravenes procurement rules, best practice and also undermines the fairness principle
- (f) Offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods or services at the lowest price without compromising on quality and standards
- (g) The invitation of price quotations must be sourced from Township based suppliers, Cooperatives and other listed suppliers based outside the Township on rotational basis to promote on-going competition and fairness

4.2.4.4 Procedures for Procuring Goods/Services through Written or Verbal Quotations and Formal Written Price Quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) When using the list of accredited prospective providers the Accounting Officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis

- (b) All requirements in excess of R30 000 and up to R200 000 (VAT included) that are to be procured by means of formal written price quotations must be advertised for at least seven (7) days on the website and on official notice boards of the municipality.
- (c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts
- (d) The Accounting Officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of sub-delegations
- (e) Offers above R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods or services at the lowest price without compromising on quality and standards

Acceptable offers, which are subject to the preference points system, must be awarded to the bidder who scored the highest points

A **Tax clearance certificate** for all acquisitions with a Rand Value above R30 000.00 (VAT included) shall be required;

4.2.4.4.1 Request for Formal Price Quotation (RFQ)

The following information must be submitted to the Supply Chain Management Unit:

- (a) A thorough description of the item required
- (b) The quantity of goods required / or level of service required.
- (c) The estimated costs of goods/services required.
- (d) Required delivery periods must be stipulated.
- (e) Delivery points must also be indicated (where applicable).
- (f) An SCM Project Plan requesting approval of bid advertisement, correct market approach as per prescribed thresholds, budget, relevant point system, draft specifications and related Bid Committee members should be approved and signed off by the Accounting Officer.

4.3 Calling for Competitive Bids

All purchases with a threshold value equal to, and/or above R200 000.00 shall be subjected to a competitive bidding process, unless **exceptional circumstances requiring deviation thereof exist and will be subject to section 114 of the MFMA.**

4.3.1 The Requirements

The request for the invitation of bids shall require:

- (a) Detailed specifications, plans, drawings, and any other relevant information of the required goods/services.
- (b) Particulars of how to promote RDP goals or accommodate SMME's;
- (c) Delivery dates;
- (d) Whether installation or erection is required;
- (e) Whether service and maintenance is required;
- (f) The place where installation or erection, or servicing and maintenance are required must be indicated;
- (g) The estimated value of the contract;
- (h) The preference point system to be used;
- (i) The guarantee period, as required by Randfontein Local Municipality;
- (j) Whether a formal contract with the successful bidder must be concluded
- (k) Whether a security undertaking is required
- (l) Whether samples must be submitted
- (m) Whether inspections or testing shall be required
- (n) Any special conditions that must apply
- (o) A name and telephone number of the relevant contact person
- (p) The deadline for the submission of bids
- (q) Submission of specified support documents
- (r) *Detail of the required documents for the bid to be deemed responsive*

4.4 Unbundling or Break – Out of Bids

4.4.1 The unbundling or break – out of bids may be considered where feasible, and on the following basis:

- (a) To ensure that contracts involving more than one product or service can be separately adjudicated, and handled by different contractors or service providers.
- (b) To break areas of supply for contracts down into manageable components as per local authorities involved.

4.4.2 The use of Resource Specifications in procurement may be utilized by the RLM to justify unbundling of bids as follows:

- (a) By compelling contractor(s) or service provider(s) by means of this specification to engage targeted small, medium, and micro enterprises and / or Historically Disadvantaged Individuals in the execution of their contracts.
- (b) In order to give effect to (a) above the specifications shall set out how firms can meet these participation goals in order to comply with the requirements of the contract.
- (c) The specifications shall also set out the measures which the RLM may have at its disposal to remedy, or penalize the contractor for non-compliance.

- (d) Prime contractors may claim credits for their participation goal obligations, provided they have entered into written sub-contracts which are free of unfair conditions with targeted enterprises.

4.4.3 The RLM may encourage or require the formation of joint-ventures between large and small businesses in order:

- (a) To ensure participation of small, medium and micro enterprises.
- (b) In order to give effect to (a) above appropriate specifications must be drawn up to permit emerging businesses to enter into joint ventures with established enterprises.

4.4.4 No requirement for goods or services above an estimated transaction value of R200 000.00 (VAT included) may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process

4.4.5 Strip and Quote – RLM may establish a database of pre-qualified bidders for strip and quote purposes and quotations should be sourced on a rotation basis. It may also arrange a Term Contract through competitive bidding processes.

An SCM Project Plan requesting approval of bid advertisement, correct market approach as per prescribed thresholds, budget, relevant point system, draft specifications and related Bid Committee members should be approved and signed off by the Accounting Officer.

4.5 List of Accredited Prospective Providers/Supplier Database

The Accounting Officer must:

- (a) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal quotations;
- (b) At least **twice a year at minimum**, through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective suppliers or service providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) Specify the listing criteria for accredited prospective providers;
- (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector;
- (e) The Master Supplier Database must list Township-based Suppliers and Cooperatives. The criteria for listing of these entities should be established

- (f) RLM may consider establishing a database of Pre-qualified service providers that are Cooperatives for Prioritized commodities/services and this procurement should be targeted for RFQs, that is sourcing not exceeding R200 000
- (g) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time. The list must be compiled per commodity.

CHAPTER 5

5.1 COMPETITIVE BIDDING

Goods or services with a transaction value above R200 000.00 (VAT included) and long term contracts may only be procured through a competitive bidding process.

No requirements for goods or services above an estimated transaction value of R200 000.00 (VAT included) may be deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

5.1.1 Process for Competitive Bidding

The procedures for the following stages of a competitive bidding process are as follows:-

- (a) Drafting of bid Specifications
- (b) Compilation of bidding documentation
- (c) Public invitation of bids
- (d) Site meetings or briefing sessions where necessary
- (e) Handling of bids submitted in response to public invitations
- (f) Evaluation of bids
- (g) Adjudication of bids
- (h) Award of contracts
- (i) Administration of contracts:
- (j) After approval of a bid, the Accounting Officer and the bidder must enter into a service level agreement (SLA)
- (k) There must be proper record keeping:
- (l) Original or legal copies of the service level agreements (SLA) should be kept in a secure place for reference purposes

5.1.2 Bids Exceeding R10 million (VAT included)

The following information must be submitted by the Director responsible for the Vote to the CFO prior to the public advertisement of any bids in excess of R10 million (all applicable taxes included):

- 5.1.2.1 Proof of budgetary provision exists for procurement of the goods, services and or infrastructure projects;
- 5.1.2.2 Any ancillary budgetary implications related to the bid, for example, if the project is for the acquisition of municipal asset, does budgetary provision exist for the operation of the asset, maintenance costs relating to the asset, administration cost and rehabilitation/renewal costs; and
- 5.1.2.3 Any multi-year budgetary implications, for example if a project will take more than one financial year, the estimated expenditure for financial year.
- 5.1.2.4 Goods, services and/or infrastructure projects above the value of R10 million (all applicable taxes included) may only be awarded to the preferred bidder after the CFO has verified in writing that budgetary provision exist for the acquisition of the goods, infrastructure, projects and/or services and that is consistent with the Integrated Development Plan.

Confirmation of bidding process for bids in excess of R10 million (all applicable taxes included)

- 5.1.2.5 Internal Audit Unit must compile risk based audit plans, review internal control measures, and ensure that supply chain management, including the requirements of Circular 62, is sufficiently and adequately covered in the annual coverage plan;
- 5.1.2.6 Internal Auditors must be alert to fraud risks and design audit procedures and indicators that would reasonably assist in preventing and detecting potential or actual fraud and corruption;
- 5.1.2.7 During the competitive bidding and adjudication process or before the award of a contract, the Accounting Officer may, at his discretion, specifically request the Internal Audit function to carry out audit procedures and provide an opinion on compliance of bidding process with the Municipal Supply Chain Management Regulations;
- 5.1.2.8 Where bids involve the Internal Audit Service, the audit of the bidding process may be outsourced to an independent external service provider or internal audit function of another organ of the state, subject to the oversight of the Audit Committee; and
- 5.1.2.9 The Accounting Officer may, at his own discretion, decide to have a specific contract audited by external service providers prior to the award of the contract.

The bid documentation must require the bidders to furnish:

- 5.1.2.10 If the bidder is required by law to prepare annual financial statements for auditing purposes, the audited financial statements-
 - 5.1.2.10.1 For the past three years; or
 - 5.1.2.10.2 Since their establishment if established during the past three years;
- 5.1.2.11 A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal service/s towards a municipality or other service provider in respect of which the payment is overdue for more than 30 days;
- 5.1.2.12 Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such a contract, and
- 5.1.2.13 A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic and, if so, what portion and whether any portion of payment from the RLM is expected to be transferred out of the Republic.

5.2 Bid Documentation for Competitive Bidding

Bid documentation for a competitive bidding process is of critical importance in the implementation of the supply chain management policy of the RLM. Standard bid documents referred to as Municipal Bid Documents (MBD) prescribed by National Treasury for Municipalities must be used in all competitive bidding processes.

- (a) The bid documentation must take into account:
 - (i) The general conditions of contracts (GCC);
 - (ii) Relevant legislation and Regulations;
 - (iii) Municipal Bid Documents (MBD);
 - (iv) Treasury Policies and Guidelines
 - (v) Requirements of the Construction Industry Development Board (CIDB) in cases of construction bids, upgrading or refurbishments of buildings or infrastructure.
- (b) Bid documents must also include the preference point system to be used, specific goals as determined in the Preferential Procurement Policy Framework Act (Act 5 of 2002) and its Regulations, as well as an evaluation and adjudication criteria, including any criteria required by other applicable legislation.
- (c) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted.
- (d) If the value of the transaction is expected to exceed R10 million (VAT included) require bidders to furnish.
 - (i) Their audited financial statements, if bidder is required by law to prepare annual financial statements for auditing.
 - (a) For the past three years;
 - (b) Since their establishment if established during the past three years.
 - (ii) A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service providers in respect of which payment is overdue for more than 30 days
 - (iii) Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract
 - (iv) A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic of South Africa, and if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic.
- (e) Stipulate that disputes must be settled by means of mutual consultation, mediation, or when unsuccessful, in a South African court of law.

5.3 Negotiation With Preferred Bidders

The Accounting Officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiations:-

- (a) Do not allow any preferred bidder a second or unfair opportunity;

- (b) Are not to the detriment of any bidder;
- (c) Do not lead to a higher price than the bid as submitted;

Minutes of such negotiations must be kept for record purposes.

5.4 Two- stage Bidding Process

A two-stage bidding process may be allowed for:

- (a) Large complex projects;
- (b) Projects where it may be undesirable to prepare complete detailed technical specifications;
- (c) Long term projects with a duration period exceeding three years;

In the first stage technical proposals on conceptual design or performance specifications are invited, subject to technical as well as commercial clarifications and adjustments.

The second stage involves the submission of final technical proposals and priced bids by only the short-listed bidders.

5.5 Standard Bid Documents

Approved standard municipal bid documents (MBD) must serve as the basis for all competitive bidding invitations

5.6 Value-Added Tax (VAT)

The prices offered by bidders in their bid documents must be inclusive of VAT. The RLM may levy VAT in terms of the provisions of the Value-Added Tax Act, (Act no. 89 of 1991).

5.7 Advertising and Availability of Bid Documents

Tender Bids in excess of R200 000 shall be advertised in our website, notice boards and in the local newspapers or national newspapers if deemed suitable or for competitive reasons circulating within the District Region. Bid documents shall be made available upon the appearance of adverts in the above-mentioned newspapers. The use of newspaper adverts must be cost effective and limited to available budget and economic conditions have to be taken into account as the use of this platform may be limited and reduced accordingly.

5.8 Special Conditions of Bid

Special Conditions may be used in all bids, and these conditions take precedence over the general conditions and must be approved by the Accounting Officer before bids are advertised. However, these are always used together with the general conditions of bids, although on different forms.

RLM may also promote and develop Cooperatives by encouraging Sub-contracting through the bidding process. A bid condition could stipulate identified and prioritised

commodities/services for a pre-determined percentage to be sub-contracted by the successful bidder

5.9 Quality of Goods

General conditions in the bid documents shall stipulate that supplies must be new and unused unless otherwise specified by the municipality.

5.10 Bidder who is Not a Manufacturer.

Bid documents must indicate that a bidder who is not the actual manufacturer, and who will be sourcing the products from another company, a third party, must together with his/her bid documents, submit a letter from the third party confirming firm supply arrangements in this regard. Failure to submit the required documents may invalidate the bid.

The manufacturing company / companies must confirm that it / they have familiarized themselves with the item description, specifications and bid conditions, as well as all other relevant information pertaining to the bid documents.

5.11 Bid Evaluation Criteria

The evaluation criteria shall form part and parcel of all bid documentation in accordance with the **PPPFA** and other relevant applicable legislation or Government Gazetted Guidelines as will be issued from time to time.

5.12 Submission of Bid Documents

Bidders shall submit their bids to the municipality's bid box in sealed envelopes with the bid number inscribed on the envelope. Bidders' return address should be furnished on the back of the envelope to be used in the event of late bids.

5.13 Validity Period

The period between the closing date of the bid and the finalization of the bid shall not exceed ninety (90) days. In the event where there is a need to extend the validity period, the relevant strategic unit shall communicate in writing to the Manager Supply Chain Management, who shall inform the respective bidders accordingly.

In the event where the bidder informs the RLM of the entity's unwillingness or inability to accommodate the extension of the validity period for any reason, then such a bidder shall be removed from the competitive list. The bidder shall inform the RLM in writing of his/her unwillingness or inability to accommodate the extension, prior to removal of the bidder from the competitive list.

Invited quotations should be valid for a period not exceeding 30 days. Any extension of bid validity should be in writing to bidders from SCM and if one bidder refuses such request the Accounting Officer should cancel the tender and restart the process

5.14 Closing Date of Bids

Bids shall close at 11h00 on the stipulated date, at the RLM or any such place as it may be stated in the bid notice.

5.15 Opening of Bids

Unless stipulated otherwise bids shall be opened at:

Randfontein Local Municipality
Corner Pollock and Sutherland Street
Randfontein

The bid box shall be opened at 11h00 am. In accordance with general conditions, bids shall be opened in Public immediately after closing, and the following shall occur.

- (a) Bids shall be given a registration mark / mark of authenticity as proof that the bid was received not later than the closing time.
- (b) A list of bids received shall be drawn and placed on record.
- (c) Late bids received would be marked as such.
- (d) Bids received by post prior to the closing date and time shall be forwarded immediately to the Supply Chain Management Unit and lodged into the bid box accordingly.
- (e) Names of bidders shall be read out to the public. Bid prices will normally be read out especially for engineering and construction bids as these bids involve large sums of money and specialized labour.

It is required that the Accounting Officer or delegated official to:

- (a) Record in a register all bids received in time
- (b) Make the register available for public inspection
- (c) To publish the entries in the register and bid results on the RLM website.

5.16 Admission of Bids

Bids received by facsimile, telegram, telex, email or similar media do not meet supply chain management requirement and shall be duly rejected.

5.17 Late Bids

Late bids shall be marked as late and be returned unopened to the bidders concerned

5.18 Signing of Bid Documents

Bids shall be duly signed in black ink to qualify as valid bids. Unsigned bids shall be declared non responsive and accordingly rejected

5.19 Rejected Bid Documents

Rejected bids due to late receipt shall be returned unopened to the bidders, where applicable, with the necessary explanation attached.

5.20 Charging For Bid Documents

The RLM will levy a non–refundable fee for all bid documents collected from the RLM unless decided otherwise by Accounting Officer. The stipulated amounts are as follows:

Project Amount	Bid Document Price
Between R200 000 and R1m	R250
Between R1m and R2m	R500
Between R2m and R3m/R4m	R800
Above R4m	R1200

CHAPTER 6

6.1 THE COMMITTEE SYSTEM FOR COMPETITIVE BIDS

A committee system for competitive bids **shall** be established by the Accounting Officer consisting of the following committees:

- (a) The Bid specification Committee;
- (b) The Bid Evaluation Committee;
- (c) The Bid Adjudication Committee;

The Accounting Officer appoints the members of each committee taking into account section 117 of the Act.

A neutral or independent observer, appointed by the Accounting Officer, must attend or oversee a committee where appropriate for ensuring fairness and promoting transparency.

The Accounting Officer may apply the committee system to formal written price quotations where necessary.

The committee system must be consistent with all other applicable relevant legislation and their associate regulations.

6.1.1 The Bid Specification Committee

A bid specification committee must compile/interrogate specifications for the procurement of goods and/or services by the municipality.

A bid specification committee may be composed of senior officials from the RLM, preferably;

- The manager responsible for the bid involved, and may, when appropriate;
- Core team of three to four officials that constitute the Committee;
- External specialists or advisors where necessary;

Specifications must:-

- (a) Be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services
- (b) Take into account of any accepted standards such as those issued by the South African Bureau of Standards, the international Standards Organization, or an authority accredited or recognized by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) Where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) May not create barriers in contract requirements in the form of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
- (e) May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent";
- (f) Must indicate each specific goal for which points may be awarded in terms of the point system set out in the supply chain management policy of the Randfontein Local Municipality;
- (g) Must be approved by the Accounting Officer prior to publication of the invitation for bids;

6.1.2 Responsiveness or Non-responsiveness of Bids

Before the bids are presented to the Bid Evaluation Committee, the Supply Chain Management Unit and thereafter the Internal Audit Department, must confirm the

responsiveness or non-responsiveness of the bids in a report to the Bid Evaluation Committee clearly stating reasons should there be determined that a bid was non-responsive.

The following criteria are the minimum requirements for a responsive bid:

(a) Municipal Account Statement

- (i) A municipal account statement (or statement of other recognised supplier) in respect of the bidder that confirms that the bidder is not in arrears with municipal rates and taxes or services for a period exceeding 3 (three) months.
- (ii) The address on the municipal account statement must correspond with the address provided by the bidder in the bid documentation.
- (iii) If the municipal account submitted by the bidder indicates any other entity or person as the account holder, the bidder must supply documents supporting a nexus between the account holder and the bidder, for example:
 - If the bidder is leasing the property indicated on the municipal account statement, a signed Lease Agreement valid for at least 3 (three) months after closing date of the tender entered into between the bidder and the account holder, must be submitted.
 - If the municipal account statement indicates one of the directors, partners or members of the bidder as the account holder, a written statement by the account holder that the bidder is trading from the address indicated on the account and that the bidder is responsible for payment thereof.
- (iv) If the bidder is a joint venture, all parties to the joint venture must submit a municipal account statement.

(b) Tax Clearance Certificate

- (i) The bidder must submit a valid original tax clearance certificate. Submission of a copy of the tax clearance certificate shall render the bid non-responsive.
- (ii) The tax clearance certificate must be valid on the closing date of the tender.
- (iii) If the bidder is a joint venture, all parties to the joint venture must submit valid original tax clearance certificates.

(c) Signed Bid Document

The bid document must be signed by the bidder's authorised representative in black ink.

(d) Joint Ventures

Bidders who are part of a joint venture must submit a Joint Venture Agreement signed by all the parties to the joint venture."

6.1.3 The Bid Evaluation Committee

The Bid Evaluation committee must:

- (a) Evaluate bids in accordance with:-
 - (i) The specifications for a specific procurement
 - (ii) The point system set out in terms the PPPFA regulations
- (b) Evaluate each bidder's ability to execute the contract;
- (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears
- (d) Submit to the adjudication committee a report with recommendations regarding the award of the bid or any other related matter

A bid evaluation committee must as far as possible be composed of:

- (a) Officials from departments requiring the goods or services;
- (b) At least one supply chain management practitioner of the municipality
- (c) Legal representative and or Finance representative
- (d) Quorum of the BEC shall be all three member groups

6.1.4 The Bid Adjudication Committee

The Bid Adjudication Committee must:

- (a) Consider the report and recommendations of the bid evaluation committee
- (b) Either:
 - (i) Depending on its delegations, make a final award or a recommendation to the Accounting Officer to make the final award, or;
 - (ii) Make another recommendation to the Accounting Officer how to proceed with the relevant procurement;

A bid adjudication committee must consist of at least four senior managers of the municipality, which must include:

- (a) The chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer
- (b) At least one senior supply chain management practitioner who is an official of the municipality;
- (c) A technical expert in the relevant field who is an official, if such an expert exist;

The Accounting Officer shall appoint the Chairperson and the Deputy-Chairperson, who shall preside over the Bid Adjudication Committee meetings in the absence of the chairperson.

Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of the bid adjudication committee.

If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid:-

- (i) Check in respect of the preferred bidder whether that bidder's rates and taxes and municipal service charges are not in arrears.
- (ii) Notify the Accounting Officer.
- (iii) Ensure that the provisions of Section 114 of the MFMA are complied with.
- (iv) If the decision of the bid adjudication committee is rejected by the Accounting Officer, the recommendation may be referred back to the Bid Adjudication Committee for reconsideration.

The Accounting Officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to those committees for reconsideration with regard to their recommendations

The Accounting Officer must comply with section 114 of the Act within 10 working days as stipulate in the Municipal Finance Management Act

CHAPTER 7

7.1 CONSIDERATION OF COMPETITIVE BIDS

In terms of the RLM supply chain management policy and applicable legislation and regulations it is specified that goods and/or services above a transaction value of R200 000.00 (VAT included) and long term contracts may be procured by the municipality only through a competitive bidding process

7.1.1 Consideration of Received Bids

Duly received bids shall be considered against the evaluation criteria, compliance with specifications and general and specific conditions as indicated in the bids documentation, taking into account, all costs from purchasing to disposal (life cycle costing), as well as all other relevant circumstances which might have an influence on the cost.

Furthermore the point system as envisaged in the Preferential Procurement Policy Framework Act, (Act 5 of 2002) must be taken into account in the evaluation of bids.

The following conditions should be taken into account when bids are considered:

- (a) All bids received on time must be dealt with in the same manner.
- (b) No conditions may be changed during the evaluation process to prejudice any bidder.
- (c) No official or political office bearer may participate or be an observer of any committee evaluating or adjudicating and approving any bid/quotation. This function is strictly handled by delegated officials in line with 117 of the MFMA
- (d) No bidder may be allowed a second opportunity to change any condition or price to the detriment of other bidders.
- (e) Reason for decisions taken must be made available on request and must be able to stand up in a court of law.
- (f) Documentation of all bids received in time, decisions by the Bid Adjudication Committee, must be properly stored for record and audit purposes.
- (g) Finally, in view of impartiality, officials involved with the physical opening of tenders may not be included in the evaluation panels.

7.2 Communication with Bidders

Communication with bidders may only take place after the closing date and prior to the award of the bid to the successful bidder. This may be done only in cases where clarity is sought with regard to submitted bid information or any outstanding information that may not prejudice other bidders. The Supply Chain Management Unit shall be tasked with the co-ordination of such communications in all respects.

7.3 Negotiation with Bidders

- (a) No negotiations, during bid evaluation, may be conducted with bidders regarding any aspect which might in any way affect bid prices, unless otherwise sanctioned by the Municipality.
- (b) Notwithstanding the provisions of (a) above, the Accounting Officer may negotiate final terms of a contract with the preferred bidder identified through a competitive process provided that such negotiations:
 - (i) Do not allow the preferred bidder a second or unfair opportunity;
 - (ii) are not to the detriment of any other bidder;
 - (iii) Do not lead to a higher price than the bid as submitted.

7.4 Claiming of Preferences

- (a) A bidder that intends to claim preference shall clearly indicate on the relevant MBD form detailing the nature of preference that is claimed.
- (b) Failure to complete the relevant MBD form for specific preferences shall be construed to mean that such preference points are not claimed.
- (c) Proof of preferences claimed, as set out in clause 8.4.3.2 of this policy, must be submitted by the bidder

7.5 SARS Tax Clearance Certificate

- (a) Bidders must submit a valid original or certified copy of a tax clearance certificate with their bid submission which indicates that the bidder's taxes are in good standing
- (b) The RLM shall be entitled to invoke any appropriate legal remedy that may be available to it, including but not limited to the cancellation of a contract if it is discovered that a bid was awarded due to misrepresentation of facts.

7.6 Samples, Pamphlets, Illustrations and Certificates

Samples called for in bid documents shall be dispatched to the addresses mentioned in the bid documents, and must have reached the said address before the closing date and time of the bid. These stipulations are also applicable to pamphlets, illustrations, and certificates. A Score and Criteria for assessment and evaluation of the above must be stipulated and published in the bid documents and were possible explained in the briefing sessions.

7.7 Confirmation of Prices

A contract cannot be concluded by the acceptance of an offer where it is obvious to any reasonable person that a bid price is out of line with other market prices, and/or previously offered prices. Confirmation of the correct price must therefore be obtained from the bidder. This, however, is not a negotiation for a better price.

Where offered rates/prices are far below the estimated cost of the bid, or excessively high above the estimated cost of the bid verification and research regarding how such prices were arrived at must be undertaken prior to disqualification of such bidders. Reasons for such bid disqualification must be defensible in a court of law.

7.8 Withdrawal of Bids Before Lapse of Validity

A bidder that wishes to withdraw his or her bid before the validity of the bid expires, and before a letter of acceptance has been issued by the RLM, cannot be forced to execute a contract which might result from subsequent acceptance of the bid, since no commonality of purpose exists.

7.9 Amendment of Bid Prices Prior to Lapse of Validity

Amendment of bid prices after the closing of bids is not permitted.

7.10 Extension of Validity Periods

The extension of validity period, where necessary, must be finalized while bids are still valid. This process is done through requesting bidders, in writing, to extend the validity period of their bids and their confirmation must also be in writing.

7.11 Bidder's Own Conditions

The special conditions and general conditions as contained in the bid documents shall take precedence above any other conditions that the bidder may **insert** in the bid, which might be in conflict with the special or general conditions.

7.12 New and Unproven Products

A bid may not be rejected simply because the bidder or the product offered is unknown. However, initially, only minimum requirements from the bidder concerned could be obtained, so that these may be tested and practically evaluated. The fact that the product is new, unknown and unproven must be clearly indicated by the end-user's recommendation to the Bid Adjudication Committee.

7.13 Deviation from Specifications

Bids with acceptable or non-critical deviations from specifications may be recommended for acceptance, provided that the competitiveness of other bidders is not compromised or adversely affected.

7.14 Rental or Hire-Purchase of Equipment

With certain equipment it may be more advantageous to enter into rental or hire purchases (HP) transaction. However, the purchase price of the equipment must also be offered so that this can be compared with the net-present value of the rental or hire purchase offered over the expected duration of the offers.

7.15 Basis of Delivery

In an event where a supplier omits to indicate the cost of delivery when it is stipulated in the bid documents to supply and deliver goods, the delivery cost implication must be taken into account when calculating comparative prices.

7.16 Ability of Bidders.

The ability of bidders to carry out a contract successfully must be taken into account fully, during the consideration of bids. This may include an investigation by **the Bid Evaluation Committee** of the bidder's previous contracts carried out, availability of skills or knowledge, resources and existing workload.

7.17 Discounts

Discounts that have been offered unconditionally must be taken into account when calculating comparative prices. Conditional discounts, however, should not be taken into account, for example, discounts for early payment.

7.18 Comparison of Bid Prices

Bid prices of all items must be brought to a comparative price basis by deducting preference and other benefits, implied contract price adjustment in terms of non-firm prices, and delivery and other costs, where applicable. Costs to be considered are:

- (a) The purchase price
- (b) Delivery
- (c) Installation
- (d) Repairs and maintenance
- (e) Escalation clauses
- (f) Any other related costs

7.19 Declaration of Interest

All persons dealing with the procurement of goods and services must declare that they did not purposefully, unlawfully, favour or prejudice anyone in the decision making process during the evaluation and adjudication of bids.

CHAPTER 8

8.1 EVALUATION AND ADJUDICATION OF COMPETITIVE BIDS

8.1.1 Evaluation of Competitive Bids

The evaluation of bids is the responsibility of bid evaluation committees, as indicated in chapter 6 of this policy, constituted by the project leader and appointed section managers of the municipality.

8.1.1.1 The Bid Evaluation Committee

The bid evaluation committee must as far as possible be composed of:

- (a) Section managers and/or officials from departments requiring the goods and services;
- (b) At least one supply chain management practitioner of the municipality;
- (c) The bid evaluation committee must evaluate bids in accordance with;
- (d) Compliance with minimum requirements;
- (e) Specifications for a specific procurement;
- (f) The point system as outlined in the supply chain management policy and as prescribed by the Preferential Procurement Policy Framework Act;
- (g) The bidder's ability to execute the contract;

The bid evaluation committee must also check whether the bidder's rates, municipal service charges and taxes are not in arrears

The evaluation committee must, at the end of the evaluation process, submit a fully comprehensive report and recommendation regarding the award of the bid or any other related matter to the manager supply chain management for tabling before the bid adjudication committee.

8.1.1.2 Adjudication of Competitive Bids

The adjudication of competitive bids and other bids will be the responsibility of the bid adjudication committee. The bid adjudication committee shall:-

- (a) Consider the evaluation report and recommendations from the bid evaluation committee
- (b) Depending on its delegated powers, either make a final award or a recommendation to the Accounting Officer to make the final award, or
- (c) Make another recommendation to the Accounting Officer on how to proceed with the relevant procurement.

8.1.1.2.1 Establishment of the Bid Adjudication Committee

The Accounting Officer should in terms of the Local Government; Municipal Finance Management Act, and / or any other applicable legislation establish and delegate powers and duties to the bid adjudication committee;

Composition

The Bid Adjudication Committee, as indicated in chapter 6 of this policy, shall comprise of at least four senior managers of the Municipality which must include:

- (a) The Chief Financial Officer, and
- (b) Senior managers of the municipality
- (c) Senior supply chain management practitioner
- (d) Technical expert in the relevant field who is an official of the municipality

The chairperson of the committee shall be appointed by the Accounting Officer. In the absence of the chairperson the deputy-chairperson shall preside over the meeting.

8.2 Duties and Functions of the Bid Adjudication Committee

A comprehensive list of duties and functions of the bid adjudication committee may be found in Annexure 2 of this policy

8.3 Basic principles

The following basic principles shall apply to the process of evaluation and adjudication of bids on a point scoring system:

- (a) The basis of the evaluation methodology to be used in the adjudication of bids must be clearly explained to the bidders in the bid document as specified in the MBD1.

- (b) Life cycle costing must be applied at all times, where applicable, when adjusting prices to a comparative price basis.
- (c) Points must be awarded in terms of the Preferential Procurement Policy Framework Act
- (d) Motivated reasons must be provided by the Bid Evaluation Committee for the passing over of other duly lodged bids not recommended due to obvious deviations from bid specifications and / or requirements.

8.4 Evaluation methodology

The following methodology for the evaluation of bids on a points system shall be applicable.

8.4.1 Phase I: Compliance with Minimum Requirements

All bids duly lodged must be evaluated to determine compliance with minimum bid requirements and conditions. Bids with obvious deviations from the bid requirements and/or conditions, may not be acceptable and should be eliminated from the evaluation process.

8.4.2 Phase II: Costing

The remainder of bids must be brought to a comparative price basis by deducting unconditional discounts, adding implied contract price adjustments (non-firm prices) as well as repetitive costing (such as maintenance), that is, life cycle costing must be applied, where applicable.

8.4.3 Phase III: Awarding of Points

The evaluation criteria as laid out in the bid document shall be applied. A point system must be utilized.

The awarding of points shall be as follows:-

8.4.3.1 The Preference Point System

(a) Step 1: Calculation of Points for Price

- (i) The PPPFA prescribes that the lowest acceptable bid will score 80 or 90 points for price. Bidders that quoted higher prices will score lower points for price on a pro-rata basis.
 - The 80/20 preference point system is applicable to bids with a Rand value equal to, or above R30 000.00 and up to a Rand value of R1 million (all applicable taxes

included). This preference point system may also be applied to price quotations with a value less than R30 000.00 if and when applicable.

- The 90/10 preference point system is applicable to bids with a Rand value above R1 million (all applicable taxes included).

(ii) The formula to be utilised in calculating points scored for price are as follows:

The 80/20 preference point system:

The following formula shall be used to calculate the points for price in respect of bids and requests for quotation with Rand Value equal to or above R30,000-00 and up to the Rand Value of R1 million:

$$Ps = 80 \frac{[1 - (Pt - Pmin)]}{Pmin}$$

Where :-

Ps = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

The 90/10 preference point system

The following formula must be used to calculate the points for price in respect of bids with a Rand Value above R1 million:

$$Ps = 90 \frac{[1 - (Pt - Pmin)]}{Pmin}$$

Where :-

Ps = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid or offer under consideration

Pmin = Comparative price of lowest acceptable bid or offer.

(iii) Points scored must be rounded off to the nearest 2 (two) decimal places.

(b) Step 2: Calculation of points for B-BBEE status level of contributor

(i) Points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)

1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

- (ii) A bid must not be disqualified from the bidding process if the bidder does not submit a certificate substantiating the B-BBEE status level of contribution nor is a non-compliant contributor. Such a bidder will score zero (0) out of a maximum of 10 or 20 points respectively for B-BBEE.
- (iii) A bidder must not be awarded the points claimed for B-BBEE status level of contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME (Exempted Micro Enterprise) that has the capability and ability to execute the sub-contract.
- (iv) A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended sub-contractor is an EME (Exempted Micro Enterprises) that has the capability and ability to execute the sub-contract.

(c) Calculation of total points scored for price and B-BBEE status level of contribution

The points scored for price must be added to the points scored for B-BBEE status level contribution to obtain the bidder's total points scored out of 100.

8.4.3.2 Broad-Based Black Economic Empowerment (B-BBEE) Status Level Certificates

8.4.3.2.1 Bidders are required to submit original and valid B-BBEE Status Level Verification Certificates or certified copies thereof together with their bids, to substantiate their B-BBEE rating claims.

8.4.3.2.2 Bidders who do not submit B-BBEE Status Level Verification Certificates or are non-compliant contributors to B-BBEE do not qualify for preference points for B-BBEE but should not be disqualified from the bidding process. They will score points out of 90 or 80 for price only and zero (0) points out of 10 or 20 for B-BBEE.

- 8.4.3.2.3 A trust, consortium or joint venture must submit a consolidated B-BBEE Status Level Verification Certificate for every separate bid.
- 8.4.3.2.4 Public entities and tertiary institutions must also submit B-BBEE Status Level Verification Certificates together with their bids.
- 8.4.3.2.5 If the Municipality is already in possession of a valid and original or certified copy of a bidder's B-BBEE Status Level Verification Certificate that was obtained for the purpose of establishing the database of possible suppliers for price quotations or that was submitted together with another bid, it is not necessary to obtain a new B-BBEE Status Level Verification Certificate each time a bid is submitted from the specific bidder.

Such a certificate may be used to substantiate B-BBEE rating claims provided that the closing date of the bid falls within the expiry date of the certificate that is in the institution's possession.

Each time this provision is applied, cross-reference must be made to the B-BBEE Status Level Verification Certificate already in possession for audit purposes.

- 8.4.3.2.6 The Municipality must ensure that the B-BBEE Status Level Verification Certificates submitted are issued by the following agencies:

Bidders other than Exempted Micro Enterprises

- (a) Verification agencies accredited by SANAS (South African National Accreditation System); or
- (b) Registered auditors approved by IRBA (Independent Regulatory Board of Auditors).

Bidders who qualify as Exempted Micro Enterprises (EMEs)

- (a) Accounting officers as contemplated in the Closed Corporation Act, Act No 69 of 1984; or
- (b) Verification agencies accredited by SANAS; or
- (c) Registered auditors. (Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates).

8.4.3.3 Verification Certificates In Respect Of Exempted Micro Enterprises

- 8.4.3.3.1 In terms of the Generic Codes of Good Practice, an enterprise including a sole propriety with annual total revenue of R5 million or less qualifies as an EME.
- 8.4.3.3.2 In instances where Sector Charters are developed to address the transformation challenges of specific sectors or industries, the threshold for qualification as an EME may be different from the generic threshold of R5 million. The relevant

Sector Charter thresholds will therefore be used as a basis for a potential bidder to qualify as an EME.

- 8.4.3.3.3 EMEs are deemed to have a B-BBEE status of “level four (4) contributor”. In instances where EMEs are more than 50% owned by black people, such EMEs qualify as “B-BBEE status level three (3) contributors”.
- 8.4.3.3.4 Sufficient evidence to confirm a qualifying EME is a certificate issued by an Accounting Officer (as contemplated in the Closed Corporation Act), a similar certificate issued by a Registered Auditor or a Verification Agency.
- 8.4.3.4 Evaluation of Bids Based on Functionality As a Criterion
 - 8.4.3.4.1 The need to invite bids on the basis of functionality as a criterion depends on the nature of the required commodity or service taking into account quality, reliability, viability and durability of a service and the bidder’s technical capacity and ability to execute a contract.
 - 8.4.3.4.2 When the Municipality invites a bid that will also be evaluated on the basis of functionality as a criterion, it must clearly specify the following aspects in the bid documents:
 - (a) Evaluation criteria for measuring functionality

The evaluation criteria may include criteria such as the consultant’s relevant experience for the assignment, the quality of the methodology; the qualifications of key personnel; transfer of knowledge etc.
 - (b) Weight of each criterion

The weight that is allocated to each criterion should not be generic but should be determined separately for each bid on a case by case basis.
 - (c) Applicable value

The applicable values that will be utilised when scoring each criterion should be objective.
 - (d) Minimum qualifying score for functionality.

The minimum qualifying score that must be obtained for functionality in order for a bid to be considered further should not be generic. It should be determined separately for each bid on a case by case basis. The minimum qualifying score must not be prescribed so low that it may jeopardise the quality of the service required nor so high that it may be restrictive to the extent that it jeopardizes the fairness of the Supply Chain Management system.
 - 8.4.3.4.3 Bids invited on the basis of functionality as a criterion must be evaluated in two stages – first functionality must be assessed and then in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations. The evaluation must be done as follows:

(a) First Stage: Evaluation of Functionality

- (i) Bids must be evaluated in terms of the evaluation criteria embodied in the bid documents. The amendment of evaluation criteria, weights, applicable values and/or the minimum qualifying score for functionality after the closure of bids is not allowed as this may jeopardise the fairness of the process.
- (ii) A bid will be considered further if it achieves the prescribed minimum qualifying score for functionality.
- (iii) Bids that fail to achieve the minimum qualifying score for functionality must be disqualified.
- (iv) Score sheets should be prepared and provided to panel members to evaluate the bids.
 - The score sheet should contain all the criteria and the weight for each criterion as well as the values to be applied for evaluation as indicated in the bid documents.
 - Each panel member should after thorough evaluation independently award his / her own value to each individual criterion.
 - Score sheets should be signed by panel members and if necessary, written motivation may be requested from panel members where vast discrepancies in the values awarded for each criterion exist.
- (v) If the minimum qualifying score for functionality is indicated as a percentage in the bid documents, the percentage scored for functionality may be calculated as follows:
 - The value awarded for each criterion should be multiplied by the weight for the relevant criterion to obtain the score for the various criteria;
 - The scores for each criterion should be added to obtain the total score; and
 - The following formula should be used to convert the total score to percentage for functionality:

$$P_s = \frac{S_o}{M_s} \times 100$$

where:

P_s = percentage scored for functionality by bid under consideration
 S_o = total score of bid under consideration
 M_s = maximum possible score

- (vi) The percentage of each panel member should be added and divided by the number of panel members to establish the average percentage obtained by each bidder for functionality.
- (b) Second stage – Evaluation in terms of the 80/20 or 90/10 preference point systems
 - (i) Only bids that achieve the minimum qualifying score / percentage for functionality must be evaluated further in accordance with the 80/20 or 90/10 preference point systems prescribed in Preferential Procurement Regulations.

8.4.4 Evaluation Of Bids That Scored Equal Points

- 8.4.4.1 In the event that two or more bids have scored equal total points, the successful bid must be the one that scored the highest points for B-BBEE.
- 8.4.4.2 If two or more bids have equal points, including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality, if functionality is part of the evaluation process.
- 8.4.4.3 In the event that two or more bids are equal in all respects, the award must be decided by the drawing of lots.”

8.5 Principles for Equity Ownership

- (a) Preference points stipulated in respect of a bid must include preference points for equity ownership. These principles are as follows:- See revised BBBEE Act

8.6 Stipulation of Preference Point System Used.

The bid documents shall stipulate the preference points system to be applied in the evaluation of bids.

8.7 Cancellation and Re-invitation of Bids

- 8.7.1 In the application of the 80/20 preference point system, if all bids received exceed R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are within the R1 000 000 threshold, all bids received must be evaluated on the 80/20 preference point system.
- 8.7.2 In the application of the 90/10 preference point system, if all bids received are equal to or below R1 000 000, the bid must be cancelled. If one or more of the acceptable bid(s) received are above the R1 000 000 threshold, all bids received must be evaluated on the 90/10 preference point system.

8.7.3 If a bid was cancelled in terms of paragraph 8.7.1 or 8.7.2, the correct preference point system must be stipulated in the bid documents of the re-invited bid.

8.7.4 The Municipal Manager may, prior to the award of a bid, cancel the bid if:

- (a) Due to changed circumstances, there is no longer a need for the services, works or goods requested; or
- (b) Funds are no longer available to cover the total envisaged expenditure; or
- (c) No acceptable bids are received. [If all bids received are rejected, the Municipality must review the reasons justifying the rejection and consider making revisions to the specific conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids].”

8.8 Deviations from Normal Bidding Procedures

The Municipality may, in terms of the Local Government: Municipal Finance Management Act and SCM Regulations, Section 36 (1) (a) and (b), (2) and (3) dispense with normal bidding procedures only in the following circumstances:-

Section 36

[1]

- (a) in an emergency;
- (b) In cases of a sole supplier;
- (c) The acquisition of special works of art or historical objects where specifications are difficult to compile;
- (d) Acquisition of animals for zoos; or
- (e) In any other exceptional case where it is impractical or impossible to follow the official procurement processes.

[2] To ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature

Council approved additional provisions on deviations which are:

•

Poor planning does not constitute an emergency.

1. Emergency and the conditions warranting this deviations are:

- An unexpected and sudden event that must be dealt with urgently and where there is an immediate threat to life and limb.
- Possibility of human injury or death
- The prevalence of human and animal suffering or deprivation of rights
- The possibility of damage to property
- The interruption of essential services or support services critical to the effective functioning of RLM as a whole
- The possibility of serious damage occurring to the natural environment and security of the state being compromised

2. In cases where it is Impractical or Impossible to follow the official procurement process it must be shown where and how the market was tested, why it is impractical to go on tender, the provider chosen was undertaken in a fair manner so as not to prejudice other potential providers, etc. where it would be against the Municipality's best interest to follow the proper procurement process. The Accounting Officer is the only one to provide this justification which should be in the best interest of the municipality and community.

3. Reports that are submitted in accordance with Section 36 of the Supply Chain Management Regulations must be direct to the Bid Adjudication Committee, thereafter the report will be submitted to the Accounting Officer for approval.

4. All reports of this nature are to be signed by the Head: SCM or his delegate who will check: If the motivation is valid, If there is sufficient reason for not going out to tender and if there is adequate finance.

5. The Accounting Officer must record the reasons for any deviations as mentioned above, and report it to the next meeting of the council and include it as a note to the annual financial statements.

The Accounting Officer must record the reasons for such deviation and report it to the next meeting of council and include it as a note in the annual financial statement. *RLM has established deviation committee to minimise procurement through the deviation from SCM regulation and law.* The Accounting Officer must comply with section 114 of the MFMA.

The following processes shall be complied with in the application of Clause 8.8 above:

- (i) The Accounting Officer, shall procure the necessary goods and services, and report this fact to the Council of the RLM first meeting thereafter.
- (ii) Within one month of the council resolution to the above fact, the relevant action must be:
 - (a) Published by the Municipal Council in an appropriate print media circulating within the boundaries of the municipality.
 - (b) Displayed at a prominent place designed for that purpose
 - (c) Matters to be published or displayed are:

- (i) The reasons for dispensing with normal procedures
- (ii) A summary of the requirements of the prescribed goods and services
- (iii) The time and the place where the document containing the requirements or specifications of the prescribed goods and services that will be displayed for inspection;
- (iv) The details of the person, body or organization, or corporation supplying the goods and services.

8.9 Guidelines for the Appointment of Consultants

The Accounting Officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurement are made;

Consultancy services must be procured through competitive bids if:

- (a) The value of the contract exceeds R200,000-00 (VAT included);
- (b) The duration period of the contract exceeds one year;

In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of:-

- (a) All consultancy services provided to any organ of state in the last five years
- (b) Any similar consultancy services provided to an organ of state in the last five years.

The Accounting Officer must ensure that the copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality

In terms of available legislation, emerging consultant enterprises cannot be appointed to execute services requiring professional registration. In this regard joint-ventures with established enterprises are encouraged in order to provide mentorship and the necessary support to the emerging consultant enterprises.

The Accounting Officer must approve all joint venture agreements prior to any award being made.

Performance clauses would then be built into the joint venture agreements to ensure effective delivery of the required professional services. The Accounting Officer must approve all joint venture agreements prior to awards.

8.9.1 Considerations for the Appointment of Consultants

In order to appoint consultants the following considerations must be taken into account:-

- (a) Defining the nature of professional services required

The definition should describe accurately the nature of service to be provided, and should include the following:-

- (i) Scope of the professional services required;
- (ii) Time frame for the provision of the service;
- (iii) Any specific or exceptional requirements in regard to the service performed;
- (iv) The manner of determining the professional fees;

8.9.2 Classification of Professional Services/Consultants

Professional service can be broadly classified in terms of certain characteristics, which may affect the selection criteria, namely:

(a) Routine:

Assignments where tasks are of a straightforward nature involving the main standard technologies whose inputs are relatively known and outputs can be readily defined.

(b) Specialist:

Assignments in which the bulk of services are of a technical and specialist nature that calls for considerable innovation, creativity, expertise and/or skills. Such assignments may be characterized by imprecise inputs and outputs.

(c) Complex:

Assignments, other than routine or specialist, which may include policy development, restructuring, strategic planning research and development may belong to this category.

8.9.3 Appointment of Consultants (Professional Services)

The appointment of consultants includes various processes related to the procedures for selecting, contracting, and monitoring consultants required for projects. The definition of consultants as outlined hereunder further provides better clarity regarding various areas of specialization within which consulting companies are engaged.

8.9.3.1 Consultants Defined

The term consultants includes consulting firms, engineering firms, construction managers, management firms, procurement agents, inspection agents, auditors, other multinational organisations, investment and merchant banks, universities, research agencies, government agencies, non-governmental organisations (NGOs), and individuals. Accounting Officer may use these organisations as consultants to help in a wide range of activities such as policy advice; Accounting Officer's reform management; engineering services; construction supervision; financial services; procurement

services; social and environmental studies; and identification, preparation, and implementation of projects to complement Accounting Officer' capabilities in these areas.

8.9.3.2 Need for Appointment

Consultants should only be engaged when:

- (i) The necessary skills and / or resources to perform a project / duty / study are not available; and
- (ii) The Accounting Officer cannot be reasonably expected either to train or to recruit people in the time available.

8.9.3.3 Nature of Appointment

8.9.3.3.1 Appointment by Means of a Formal Contract

The relationship between the Accounting Officer and the consultant should be one of purchaser / provider and not employer / employee. The work undertaken for the Accounting Officer by a consultant should be regulated by a contract.

In procuring consulting services the Accounting Officer should satisfy himself / herself that:

- (a) The procedures to be used will result in the selection of consultants who have the necessary professional qualifications;
- (b) The selected consultant will carry out the assignment in accordance with the agreed schedule, and
- (c) The scope of the services is consistent with the needs of the project.

8.10 Selection Methods for the Appointment of Consultants

The Accounting Officer should be responsible for preparing and implementing the project, for selecting the consultant, awarding and subsequently administering the contract, as well as for the payment of consulting services under the project.

While the specific rules and procedures to be followed for employing consultants depend on the circumstances of the particular case, at least the following four major considerations should guide the Accounting Officer on the selection process:

- (i) The need for high-quality services;

- (ii) The need for economy and efficiency;
- (iii) The need to give qualified consultants an opportunity to compete in providing the services; and
- (iv) The importance of transparency in the selection process.

The particular method to be followed for the selection of consultants for any given project should be selected by the Accounting Officer in accordance with the criteria outlined in the Guide for Accounting Officer of Municipalities and Municipal Entities (September 2005).

The method selection is determined by the scope of the assignment, the quality of service, the complexity of the assignment and whether assignments are of a standard and routine nature.

The following are the methods most generally used for the appointment of consultants:

8.10.1 Quality and Cost Based Selection (QCBS)

In the majority of cases, the abovementioned major considerations can best be addressed through competition among firms in which the selection is based both on the quality of the services to be rendered and on the cost of the services to be provided, i.e. Quality and Cost-Based Selection (QCBS). This method is used in the event of an assignment being not complex or specialised.

Cost as a factor of selection should be used judiciously.

The relative weight to be given to the quality and cost should be determined for each case depending on the nature of the assignment.

Investment and commercial banks, financial firms, and fund managers hired by the Accounting Officer for the sale of assets, issuance of financial instruments, and other corporate financial transactions, notably in the context of privatisation operations, should be selected under QCBS.

Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They should be selected according to QCBS, with cost as a substantial selection factor (40-50 points), or by the "Least Cost Selection" outlined in paragraph 4.2.4. When consultants are appointed to execute an audit function on behalf of the Accounting Officer, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used as a guideline to determine the appropriate tariff or to, determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA's website under www.saica.co.za. The tariffs are captured in a circular issued by SAICA.

In some circumstances, QCBS is not the most appropriate method for selecting consultants, and other methods are more appropriate. This section describes other selection methods and the circumstances under which they are generally appropriate.

8.10.2 Quality Based Selection (QBS)

- (i) QBS is appropriate for the following types of assignments:
 - (a) Complex or highly specialised assignments for which consultants are expected to demonstrate innovation in their proposals (for example, financial sector reforms) for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals (for example, country economic or sector studies, multi-sectorial feasibility studies, design of a hazardous waste remediation plant or of an urban master plan, financial sector reforms);
 - (b) Assignments that have a high downstream impact and in which the objective is to have the best experts (for example, feasibility and structural engineering design of such major infrastructure as large dams, policy studies of national significance, management studies of large government agencies); and
 - (c) Assignments that can be carried out in substantially different ways, such that proposals will not be comparable (for example, management advice, and sector and policy studies in which the value of the services depends on the quality of the analysis).
- (ii) In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP should not provide the estimated budget, but it may provide the estimated number of key staff time, specifying that this information is given as an indication only, and that consultants should be free to propose their own estimates.
- (iii) If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Accounting Officer should request the consultant with the highest ranked technical proposal to submit a detailed financial proposal.

The Accounting Officer and the consultant should then negotiate the financial proposal and the contract. All other aspects of the selection process should be identical to those of QCBS. If, however, consultants were requested to provide financial proposals initially together with the technical proposals, safeguards should be built in to ensure that the price envelope of only the selected proposal is opened and the rest returned unopened, after the negotiations are successfully concluded.

8.10.3 Selection under a Fixed Budget

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP should indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget.

The TOR should be particularly well prepared to ensure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals should be carried out first as in the QCBS method where after the price envelopes should be opened in public. Proposals that exceed the indicated budget should be rejected. The consultant who has submitted the highest ranked technical proposal should be selected and invited to negotiate a contract.

8.10.4 Least-Cost Selection

This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist, and in which the contract amount is small. Under this method, a “minimum” qualifying mark for the “functionality” is established. Proposals to be submitted in two envelopes are invited. Potential suppliers may be obtained from the list of approved service providers.

Technical envelopes are opened first and evaluated. Those securing less than the minimum mark should be rejected and the financial envelopes of the rest are later opened.

The firm with the highest points should then be selected. Under this method, the qualifying minimum mark should be established, keeping in view that all proposals above the minimum compete only on “cost” and promotion of HDI’s and RDP objectives. The minimum mark to qualify should be stated in the RFP.

8.10.5 Single-Source Selection

- (i) Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost and lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection should be used only in exceptional cases. The justification for single-source selection should be examined in the context of the overall interests of the client and the project.
- (ii) Single-source selection may be appropriate only if it presents a clear advantage over competition
 - (a) for tasks that represent a natural continuation of previous work carried out by the firm [see paragraph (iii) below];
 - (b) Where a rapid selection is essential (for example, in an emergency operation);
 - (c) For very small assignments; or
 - (d) When only one firm is qualified or has experience of exceptional worth for the assignment.

- (iii) The reasons for a single-source selection must be recorded and approved by the Accounting Officer or his / her delegate prior to the conclusion of a contract.
- (iv) When continuity for downstream work is essential, the initial RFP should outline this prospect and if practical, the factors used for the selection of the consultant should take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition, subject to satisfactory performance in the initial assignment. For such downstream assignments, the Accounting Officer should ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the Accounting Officer, which should then be negotiated.
- (v) If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or reserved procurement or if the downstream assignment is substantially larger in value, a competitive process acceptable to the Accounting Officer should normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest.

8.10.6 Selection Based on Consultants' Qualifications

This method may be used for very small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the Accounting Officer should prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment and select the firm with the most appropriate qualifications and references.

Potential suppliers may be obtained from the list of accredited service providers. The selected firm should be requested to submit a combined technical-financial proposal and then be invited to negotiate the contract.

8.10.7 Selection of Individual Consultants

- (i) Individual consultants may normally be employed on assignments for which
 - (a) Teams of personnel are not required;
 - (b) No additional outside (home office) professional support is required; and;
 - (c) The experience and qualifications of the individual are the paramount requirement.

- (ii) When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.
- (iii) Individual consultants should be selected on the basis of their qualifications for the assignment. They may be selected on the basis of references or through comparison of qualification among those expressing interest in the assignment or approached directly by the Accounting Officer. Individuals employed by the Accounting Officer should meet all relevant qualifications and should be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and local government environment.
- (iv) From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in these guidelines should apply to the parent firm.

8.10.8 Selection of Particular Types of Consultants

8.10.8.1 Use of Non-Governmental Organisations (NGOs)

NGOs are voluntary non-profit organisations that may be uniquely qualified to assist in the preparation, management, and implementation of projects, essentially because of their involvement and knowledge of local issues, community needs, and/or participatory approaches.

NGOs may be included in the short list if they express interest and provided that the Accounting Officer is satisfied with their qualifications. For assignments that emphasise participation and considerable local knowledge, the short list may comprise entirely NGOs. If so, the QCBS procedure should be followed, and the evaluation criteria should reflect the unique qualifications of NGOs, such as voluntarism, non-profit status, local knowledge, scale of operation, and reputation. An Accounting Officer may select the NGO on a single-source basis, provided the criteria outlined for single-source selection are fulfilled.

8.10.8.2 Inspection Agents

Accounting Officer may wish to employ inspection agencies to inspect and certify goods prior to shipment or on arrival in the country. The inspection by such agencies usually covers the quality and quantity of the goods concerned and reasonableness of price. Inspection agencies should be registered with the South African National Accreditation System (SANAS) and the services of these inspection agents should be obtained by means of competitive bidding.

8.10.8.3 Banks

Investment and commercial banks, financial firms, and fund managers hired by the Accounting Officer for the sale of assets, issuance of financial instruments and other

corporate financial transactions, notably in the context of privatisation operations, should be selected under QCBS.

The RFP should specify selection criteria relevant to the activity - for example, experience in similar assignments or network of potential purchasers - and the cost of the services. In addition to the conventional remuneration (called a "retainer fee"), the compensation includes a "success fee."

This fee can be fixed, but is usually expressed as a percentage of the value of the assets or other financial instruments to be sold. The RFP should indicate that the cost evaluation will take into account the success fee, either in combination with the retainer fee or alone. If alone, a standard retainer fee should be prescribed for all short-listed consultants and indicated in the RFP, and the financial scores should be based on the success fee as a percentage of a pre-disclosed notional value of the assets.

For the combined evaluation (notably for large contracts), cost may be accorded a weight higher or the selection may be based on cost alone among those who secure a minimum passing mark for the quality of the proposal. The RFP should specify clearly how proposals will be presented and how they will be compared.

8.10.8.4 Auditors

Auditors typically carry out auditing tasks under well-defined TOR and professional standards. They should be selected according to QCBS, with cost as a substantial selection factor (40-50 points), or by the "Least-Cost Selection." When consultants are appointed to execute an audit function on behalf of the Accounting Officer, the tariffs agreed by the Auditor-General and the South African Institute for Chartered Accountants (SAICA) may be used as a guideline to determine the appropriate tariff or to determine the reasonableness of the tariffs. These tariffs can be obtained from SAICA's website under www.saica.co.za. The tariffs are captured in a circular issued by SAICA.

8.10.8.5 "Service Delivery Contractors"

Projects in the social sectors in particular may involve hiring of large numbers of individuals who deliver services on a contract basis (for example, social workers, nurses and paramedics). The job descriptions, minimum qualifications, terms of employment and selection procedures should be described in the project documentation.

8.10.9 Associations Between Consultants

Consultants may associate with each other to complement their respective areas of expertise, or for other reasons. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. The association may take the form of a joint venture or a sub-consultancy. In case of a joint venture, all members of the joint venture should sign the contract and are jointly and severally liable for the entire assignment.

Once the bids or Requests for Proposals (RFP's) from service providers are issued, any association in the form of joint venture or sub-consultancy among firms should

be permissible only with the approval of the Accounting Officer or his/her delegate. The Accounting Officer should not compel consultants to form associations with any specific firm or group of firms, but may encourage associations with the aim to enhance transfer of skills.

8.11 Invitation of Bids/Proposals using QCBS

Appointing consultants to assist the Accounting Officer with the execution of their duties implies the procurement of services. In all public sector procurement the prescripts of the Preferential Procurement Regulations, 2011, must be adhered to. These prescripts relate to the compulsory involvement of BBBEE Act goals.

8.11.1 Request for Bids

In the request for bids the following steps would generally be followed in appointing consultants where a clear terms of reference (TOR), including a detailed task directive has been compiled and the objectives, goals and scope of the assignment are clearly defined:

8.11.1.1 Preparation of Terms of Reference (TOR)

- (i) The Accounting Officer or delegated officials should prepare the TOR. The scope of services described should be compatible with the available budget. The TOR should define as clearly as possible the task directive (methodology), objectives, goals and scope of the assignment and provide background information (including a list of existing relevant studies and basic data) to facilitate the consultants' preparation of their bids.
- (ii) If the assignment includes an important component for training or transfer of knowledge and skills, the TOR should indicate the objectives, nature, scope, and goals of the training programme, including details on trainers and trainees, skills to be transferred, time frames, and monitoring and evaluation arrangements to enable consultants to estimate the required resources. The TOR should list the services and surveys necessary to carry out the assignment and the expected outputs (for example reports, data, maps, surveys, etc.), where applicable.
- (iii) Time frames linked to various tasks should be specified, as well as the frequency of monitoring actions. The respective responsibilities of the Accounting Officer and the consultant should be clearly defined.
- (iv) A clear indication should be given of which preference point system in terms of the PPPFA and its associated Regulations will be applicable as well as the goals to be achieved and the points allocated for these goals.
- (v) Detailed information on the evaluation process should be provided by firstly indicating the ratio of percentage between functionality and price. The percentage for price should be determined taking into account the complexity of the assignment and the relative importance of functionality. The percentage for price should normally be determined and approved by the Accounting Officer or his/her delegate prior to finalising the TOR.

- (vi) The evaluation criteria, their respective weights, the minimum qualifying score for functionality and the values that will be applied for evaluation should be clearly indicated. The evaluation criteria should include at least the following:
 - (a) Consultant's relevant experience relevant to the assignment;
 - (b) The quality of the methodology;
 - (c) The qualifications of key personnel; and
 - (d) The transfer of knowledge (where applicable).
- (vii) The Accounting Officer could divide these criteria into sub-criteria, for example, the sub-criteria under methodology might be innovation and level of detail. However, the number of sub-criteria should be kept to the essential.
- (viii) Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate should be based on the Accounting Officer's assessment of the resources needed to carry out the assignment such as staff time, logistical support and physical inputs (i.e. vehicles, laboratory equipment, etc.). The cost of staff time should be estimated on a realistic basis for foreign and local personnel.
- (ix) The TOR should specify the validity period (normally 60 – 90 days).
- (x) In more complicated projects provision may also be made for pre-bid briefing sessions as part of the evaluation process.
- (xi) The TOR should form part of the standard bid documentation. At this stage the evaluation panel, consisting of least three members who are demographically representative in terms of race, gender and expertise, should also be selected and finalised.

8.11.2 Request for Proposals (RFP)

This method should be followed where selection is based both on the quality of a proposal and on the cost of the service through competition among firms. This method will be applicable on more complex projects where consultants are requested and encouraged to propose their own methodology and to comment on the TOR in their proposals.

8.11.2.1 Preparation and Issuance of a Request for Proposal (RFP)

Whenever possible, the Accounting Officer should include at least the following documents in the RFP:

a) Letter of Invitation (LOI)

The LOI should state the intention to enter into a contract for the provision of consulting services, the details of the client and the date, time and address for submission of proposals.

b) Information to Consultants (ITC)

Whenever possible, the Accounting Officer should use RFPs, which include the ITC, covering the majority of assignments. The ITC should contain all necessary information that would assist consultants to prepare responsive proposals. It should be transparent and provide information on the evaluation process by indicating the evaluation criteria and factors and their respective weights and the minimum qualifying score for functionality. A clear indication should be given of which preference points system will be applicable in terms of the PPPFA and its regulations, as well as the goals to be targeted and the points allocated for each goal.

The budget is not specified (since cost is a selection criterion), but should indicate the expected input of key professionals (staff time). Consultants, however, should be free to prepare their own estimates of staff time necessary to carry out the assignment. The ITC should specify the proposal validity period (normally 60-90 days).

The ITC should include adequate information on the following aspects of the assignment:

- (i) A very brief description of the assignment;
- (ii) Standard formats for the technical and financial proposals
- (iii) The names and contact information of officials to whom clarifications should be addressed and with whom the consultants' representative should meet, if necessary;
- (iv) Details of the selection procedure to be followed, including;
 - (a) A description of the two-stage process, if appropriate;
 - (b) A listing of the technical evaluation criteria and weights given to each criterion;
 - (c) The details of the financial evaluation
 - (d) The relative weights for quality and cost in the case of QCBS
 - (e) The minimum pass score for quality; and
 - (f) The details on the public opening of financial proposals;
- (v) An estimate of the level of key staff inputs (in staff-months) required of the consultants; and indication of minimum experience, academic achievement, and so forth, expected of key staff or the total budget, if a given figure cannot be exceeded;
- (vi) Information on negotiations; and financial and other information that should be required of the selected firm during negotiations of the contract;
- (vii) The deadline for submission of proposals;

- (viii) A statement that the firm and any of its affiliates should be disqualified from providing downstream goods, works, or services under the project if, in the Accounting Officer's judgement, such activities constitute a conflict of interest with the services provided under the assignment;
- (ix) The method in which the proposal should be submitted, including the requirement that the technical proposals and price proposals be sealed and submitted separately in a manner that should ensure that the technical evaluation is not influenced by price;
- (x) Request that the invited firm acknowledges receipt of the RFP and informs the Accounting Officer whether or not it will be submitting a proposal;
- (xi) The short list of consultants being invited to submit proposals, and whether or not associations between short-listed consultants are acceptable.
- (xii) The period for which the consultants' proposals should be held valid (normally 60-90 days) and during which the consultants should undertake to maintain, without change, the proposed key staff, and should hold to both the rates and total price proposed; in case of extension of the proposal validity period, the right of the consultants not to maintain their proposals;
- (xiii) The anticipated date on which the selected consultant should be expected to commence the assignment;
- (xiv) A statement indicating all prices should be VAT inclusive;
- (xv) If not included in the TOR or in the draft contract, details of the services, facilities, equipment, and staff to be provided by the Accounting Officer;
- (xvi) Phasing of the assignment, if appropriate; and likelihood of follow-up assignments;
- (xvii) The procedure to handle clarifications about the information given in the RFP; and
- (xviii) Any conditions for subcontracting part of the assignment;

Cognizance must be taken of the following:-

- (i) If under exceptional circumstances, the Accounting Officer needs to amend the standard ITC, it should do so through the technical data sheet and not by amending the main text.;
 - (ii) Any granting of a substantial extension of the stipulated time for performance of a contract, agreeing to any substantial modification of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than 15% percent, will be subject to the approval of the Accounting Officer or his/her delegate.
- c) The TOR**

The TOR should be compiled by a specialist in the area of the assignment and the scope of services described should be compatible with the available budget. The TOR should define as clearly as possible the objectives, goals and scope of the assignment including background information to facilitate the consultant in the preparation of its proposal. The TOR should be compiled in such a manner that consultants are able to propose their own methodology and staffing and be encouraged to comment on the TOR in their proposals.

Depending on the circumstances, it may be indicated that proposals should be submitted in two separate clearly marked envelopes, one containing the technical proposal and the other the cost for the assignment.

In cases where pre-qualification/short-listing is required, the TOR should indicate the basis of pre-qualification/short-listing, for instance the number of minimum points to be scored to pre-qualify.

d) The Proposed Contract

The Accounting Officer should use the appropriate standard form of contract issued by the National Treasury. Any changes necessary to address specific project issues should be introduced through contract data sheets or through special conditions of contract and not by introducing changes in the wording of the general conditions of contract included in the standard form. When these forms are not appropriate (for-example, for pre-shipment inspection, training of students in universities), the Accounting Officer should use other acceptable contract forms.

8.12 Establishment of a List of Approved Service Providers

- Where consultancy services are required on a recurring basis, a panel of consultants/list of approved service providers for the rendering of these services may be established. These panels/lists should be established through the competitive bidding process, usually for services that are of a routine or simple nature where the scope and content of the work to be done can be described in detail.
- The intention to establish a panel/list of approved service providers is published in the media and on the municipality's website and the closing time and date for inclusion in the panel/list of approved service providers should be indicated. For this purpose, a questionnaire should be made available and should make provision for the following:

Full details of the service provider, among others:

- * composition of the firm in terms of shareholding;
- * personnel complement;
- * representation of expertise in respect of the disciplines required, e.g. accounting, legal, educational, engineering, computer, etc.;
- * national/international acceptability of experts in the various professions;
- * experience as reflected in projects already dealt with;
- * and financial position.

Requirements for admission to the list and criteria should be linked to the numeric value, in terms of which applicants will be measured, for example qualifications, experience, acceptability, facilities and resources, etc. A pre-determined standard method of awarding points should be followed.

- The applications received should be evaluated and any rejection of applicants should be motivated and recorded.

- Once the panel/list of service providers has been approved, only the successful applicants are approached, depending on the circumstances, either by obtaining quotes on a rotation basis, or according to the bid procedure when services are required, with the exception that the requirement is not advertised again.
- This list should be updated continuously, at least quarterly.

8.13 Receipt of Proposals

8.13.1 Time Allocated for Requests for Proposals (RFPs)

The Accounting Officer should allow enough time for consultants to prepare their proposals. The time allowed should depend on the assignment, but normally should not be less than four weeks or more than three months (for example, for assignments requiring establishment of a sophisticated methodology, preparation of a multidisciplinary master plan). During this interval, the firms may request clarification about the information provided in the RFP.

The Accounting Officer should provide clarification in writing and copy them to all firms who intend to submit proposals. If necessary, the Accounting Officer should extend the deadline for submission of proposals. The technical and financial proposals should be submitted at the same time. No amendments to the technical or financial proposal should be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals should be submitted in separate sealed envelopes. The technical envelopes should be opened immediately after the closing time for submission of proposals. The financial proposals should remain sealed until they are opened publicly. Any proposal received after the closing time for submission of proposals should be returned unopened.

8.13.2 Consultants' Role

- When consultants receive the RFP, and if they can meet the requirements of the TOR, and the commercial and contractual conditions, they should make the arrangements necessary to prepare a responsive proposal (for example, visiting the principal of the assignment, seeking associations, collecting documentation, setting up the preparation team). If the consultants find in the RFP documents - especially in the selection procedure and evaluation criteria - any ambiguity, omission or internal contradiction, or any feature that is unclear or that appears discriminatory or restrictive, they should seek clarification from the Accounting Officer, in writing, within the period specified in the RFP for seeking clarifications.
- In this connection, it should be emphasized that the specific RFP issued by the Accounting Officer governs each selection. If consultants feel that any of the provisions in the RFP are inconsistent with the prescripts of the Municipal Supply Chain Management Regulations and / or the PPPFA and its regulations, they should raise this issue with the Accounting Officer in writing.
- Consultants should ensure that they submit a fully responsive proposal including all the supporting documents requested in the RFP. It is essential to ensure accuracy in the *curricula vitae* of key staff submitted with the proposals. The *curricula vitae* should be signed by the consultants and the individuals and dated. Non-compliance with important requirements should result in rejection of the proposal.

Once technical proposals are received and opened, consultants should not be required nor permitted to change the substance, the key staff, and so forth. Similarly, once financial proposals are received, consultants should not be required or permitted to change the quoted fee and so forth, except at the time of negotiations carried out in accordance with the provisions of the RFP.

8.14 Evaluation of Bids/Proposals: Consultants

8.14.1 The Evaluation Process

Within the ambit of the Preferential Procurement Regulations, 2011, bids/ proposals for the appointment of consultants should be evaluated on the basis of BBEE and Price as well as the achievement of specified Transformation goals. The evaluation should be carried out in two phases - first the Functionality and then the Price and BBEE. The combined percentages allocated for Price and BBEE Level should total to 100%.

The ratio to be used for the division between functionality and price should be determined and approved by the Accounting Officer and should be made known up-front in the bid documents. Score sheets should be prepared and provided to panel members to evaluate the bids on functionality. In view of impartiality, members of bid committees should not also act as panel members.

8.14.2 The Evaluation Criteria

The score sheet should contain all the criteria and the weight for each criterion as indicated in the TOR as well as the values to be applied for evaluation. Each panel member should after thorough evaluation award his/her own value to every criterion without discussing any aspect of any bid with any of the other members. Under no circumstances may additional evaluation criteria be added to those originally indicated in the bid documentation nor may the evaluation criteria be amended or omitted after closing of the bid. Score sheets should be signed by panel members and if required, written motivation could be requested from panel members in the event of vast discrepancies in the values awarded for each criterion.

8.14.3 The Evaluation Stages

The evaluation of the proposals may be carried out in two stages: first the functionality (quality) and then the price.

8.14.4 Conformity with TOR

The evaluation should be carried out in full conformity with the provisions of the RFP.

8.14.5 Calculation of Percentage for Functionality

- a) Evaluators of technical proposals should not have access to the financial proposals until the technical evaluation is concluded. Financial proposals should be opened only after the technical evaluation and only in respect of those proposals that achieved the minimum qualifying score for functionality. In respect of functionality, the Accounting

Officer should evaluate each technical proposal (using an evaluation panel of three or more specialists in that field of expertise) in terms of the specified evaluation criteria that may include the following:

- (i) The consultant's relevant experience for the assignment;
 - (ii) The quality of the methodology proposed;
 - (iii) The qualifications of the key staff proposed; and
 - (iv) Transfer of knowledge.
- b) The Accounting Officer should normally divide these criteria into sub-criteria, for example, the sub-criteria under methodology might be innovation and level of detail.
- c) More weight should be given to the methodology in the case of more complex assignments for example multidisciplinary feasibility or management studies.
- d) Evaluation of only "key" personnel is recommended as they ultimately determine the quality of performance. More weight should be assigned to this criterion if the proposed assignment is complex. The Accounting Officer should review the qualifications and experience of proposed key personnel in their curricula vitae which should be accurate, complete and signed by an authorised official of the consultant and the individual proposed.

When the assignment depends critically on the performance of key staff, such as a Project Manager in a large team of specified individuals, it may be desirable to conduct interviews. The individuals can be rated, among others, in the following sub-criteria as relevant to the assignment:

- * General qualifications: general education and training, length of experience, positions held, time with the consulting firm staff, and experience in developing countries;
 - * Adequacy for the assignment: education, training and experience in that specific sector, field or subject relevant to the particular assignment; and
 - * Experience in the region: knowledge of the local language, culture, administrative system, government organization, etc.
- e) The Accounting Officer should evaluate each proposal on the basis of its response to the TOR. A proposal should be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve the minimum qualifying score for functionality as specified in the RFP.
- f) At the end of the process, the Accounting Officer should prepare an evaluation report on the quality of the proposals. The report should substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation such as individual score sheets should be retained until completion of the project and its audit.
- g) The percentage scored for functionality should be calculated as follows:

Each panel member should award values for each individual criterion on a score sheet. The assessment of functionality must be done in terms of the evaluation criteria and a

minimum threshold stipulated for functionality. A bid must be disqualified if it fails to meet the minimum threshold for functionality as per the bid invitation.

Thereafter, only the qualified bids are evaluated in terms of the 80/20 or 90/10 preference points systems, where the 80 or 90 points must be used for price only and 20 or 10 points are used for BBBEE goals.

8.14.6 Calculation of Percentage for Price

- For the purpose of evaluation, the price shall include all local taxes and other reimbursable expenses such as travel, translation, report printing or secretarial expenses. The proposal with the lowest price will obtain the maximum percentage for price as prescribed in the RFP. Proposals with higher prices will proportionately obtain lower percentages according to the method as prescribed in the RFP.
- The percentage scored for price should be calculated as follows:

The lowest acceptable bid/proposal will obtain the maximum percentage allocated for price. The other bids/proposals with higher prices will proportionately obtain lower percentages based on the following formula:

$$Ps = \frac{P_{min} \times Ap}{Pt}$$

Where:

Ps = percentage scored for price by under consideration

Pmin = lowest acceptable bid/proposal

Pt = price of bid/proposal under consideration

Ap = percentage allocated for price

8.14.7 Negotiations and Award of Contract

- The Accounting Officer may negotiate the contract only with the preferred bidder identified by means of the competitive bidding process.
- Negotiations should include discussions of the TOR, the methodology, staffing, Accounting Officer's inputs, and special conditions of the contract. These discussions should not substantially alter the original TOR or the terms of the contract, compromise the quality of the final product, its cost, and the relevance of the initial evaluation. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology should be incorporated in "Description of Services," which should form part of the contract.
- The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were offered in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for

substitution should have qualifications equal to or better than the key staff initially proposed.

- Financial negotiations should include clarification of the consultants' tax liability. Before the appointment is finalized, the consultant should submit an original tax clearance certificate to the Accounting Officer.
- Proposed unit rates for staff-months and re-imbursables should not be negotiated, since these have already been a factor of selection in the cost of the proposal, unless there are exceptional reasons.
- If the negotiations fail to result in an acceptable contract, the Accounting Officer should terminate the negotiations and invite the next ranked firm for negotiations. The original preferred consultant should be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the Accounting Officer should not reopen the earlier negotiations. After negotiations are successfully completed, the Accounting Officer should promptly notify other firms that they were unsuccessful.

8.14.8 Contract Award

- According to the prescripts of the PPPFA and its Regulations, a contract may only be awarded to the bidder who scored the highest number of points, unless objective criteria justify the award to another bidder. Should this be the case, the Accounting Officer should be able to defend the decision not to award the bid to the bidder who scored the highest number of points in any court of law.

It should be emphasized that not offering any contributions to prescribed goals as contemplated in the Preferential Procurement Regulations, 2001, does not disqualify a bidder. Under these circumstances a bidder will score no points for the specified goals.

- The Accounting Officer should award the contract, within the period of the validity of bids, to the bidder who meets the appropriate standards of capability and resources and whose bid has been determined:
 - (i) To be substantially responsive to the bidding documents; and
 - (ii) To be the highest on points.
- A bidder should not be required, as a condition of award, to undertake responsibilities for work not stipulated in the bidding documents or otherwise to modify the bid as originally submitted.

8.14.9 Rejection of all Proposals and Re-invitation

The Accounting Officer will be justified in rejecting all proposals only if all proposals are non-responsive and unsuitable, either because they present major deficiencies in complying with the TOR, or because they involve costs substantially higher than the original estimate.

In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated. The new process may include revising the RFP and the budget.

8.15 Types of Contracts

- The relationship between the Accounting Officer and the consultant should be one of purchaser / provider and not employer / employee. The work undertaken for the Accounting Officer by a consultant should be regulated by a contract.
- When appropriate, the Accounting Officer may include under the special conditions of contract, the following or similar condition:

"A service provider may not recruit or shall not attempt to recruit an employee of the principal for purposes of preparation of the bid or for the duration of the execution of this contract or any part thereof".

- **The most common types of contracts are:**
 - * **Lump Sum (Firm Fixed Price) Contract:** Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.
 - * **Time-Based Contract:** This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess.

This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overheads, fees (or profit), and, where appropriate, special allowances. This type of contract should include a maximum amount of total payments to be made to the consultants.

This ceiling amount should include a contingency allowance for unforeseen work and duration and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and payments claimed by the consultants are appropriate.

- * **Retainer and/or Contingency (Success) Fee Contract:** Retainer and contingency fee contracts are widely used when consultants (banks or

financial firms) are preparing companies for sales or mergers of firms, notably in privatisation operations. The remuneration of the consultant includes a retainer and a success fee, the latter being normally expressed as a percentage of the sale price of the assets.

- * **Percentage Contract:** These contracts are commonly used for architectural services. They may be also used for procurement and inspection agents. Percentage contracts directly relate the fees paid to the consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected. The contracts are negotiated on the basis of market norms for the services and/or estimated staff-month costs for the services, or competitive bid. It should be borne in mind that in the case of architectural or engineering services, percentage contracts implicitly lack incentive for economic design and are hence discouraged. Therefore, the use of such a contract for architectural services is recommended only if it is based on a fixed target cost and covers precisely defined services (for example, not works supervision).
- * **Indefinite Delivery Contract (Price Agreement):** These contracts are used when the Accounting Officer need to have "on call" specialized services to provide advice on a particular activity, the extent and timing of which cannot be defined in advance. These are commonly used to retain "advisers" for implementation of complex projects (for example, dam panel), expert adjudicators for dispute resolution panels, Accounting Officer reforms, procurement advice, technical troubleshooting, and so forth, normally for a period of a year or more. The Accounting Officer and the firm agree on the unit rates to be paid for the experts and payments are made on the basis of the time actually used.

8.16 Important Provisions

- **Currency:** RFPs should clearly state that firms must express the price for their services, in Rands.
- **Bid and Performance Securities:** Bid and performance securities are not recommended for consultants' services. Their enforcement is often subject to judgment calls, they can be easily abused and they tend to increase the costs to the consulting industry without evident benefits, which are eventually passed on to the Accounting Officer.
- **Accounting Officer contribution:** The Accounting Officer normally assigns members of his/her own professional staff to the assignment in different capacities. The contract between the Accounting Officer and the consultant should give the details governing such staff, known as **counterpart staff**, as well as facilities that should be provided by the Accounting Officer, such as housing, office space, secretarial support, utilities, materials and vehicles. The contract should indicate measures the consultant can take if some of the items cannot be provided or have to be withdrawn during the assignment and the compensation the consultant will receive in such a case.

- **Conflict of Interest:** The consultant should not receive any remuneration in connection with the assignment except as provided in the contract. The consultant and its affiliates should not engage in consulting activities that conflict with the interests of the client under the contract, and should be excluded from downstream supply of goods or construction of works or purchase of any asset or provision of any other service related to the assignment other than a continuation of the "Services" under the ongoing contract.
- **Professional Liability:** The consultant is expected to carry out its assignment with due diligence and in accordance with prevailing standards of the profession. As the applicable law will govern the consultant's liability to the Accounting Officer, the contract needs not deal with this matter unless the parties wish to limit this liability. If they do so, they should ensure that:
 - * There should be no such limitation in case of the consultant's gross negligence or wilful misconduct;
 - * The consultant's liability to the Accounting Officer in no case be limited to less than the total payments expected to be made under the consultant's contract, or the proceeds the consultant is entitled to receive under its insurance, whichever is higher; and
 - * Any such limitation may deal only with the consultant's liability toward the client and not with the consultant's liability toward third parties.
- **Staff Substitution:** During an assignment, if substitution is necessary (for example, because of ill health or because a staff member proves to be unsuitable), the consultant should propose other staff of at least the same level of qualifications for approval by the Accounting Officer.
- **Applicable Law and Settlement of Disputes:** The contract should include provisions dealing with the applicable law and the forum for the settlement of disputes. Should it not be possible to settle a dispute by means of mediation, the dispute may be settled in a South African court of law.

8.17 Evaluation of the Performance of Consultants

- Consultants should observe due diligence and prevailing standards in the performance of the assignment. The Accounting Officer should evaluate the performance of consultants appointed in a fair and confidential process. In the case of repeated poor performance, the firm should be notified and provided an opportunity to explain the reasons for it and the remedial action proposed.
- Consultants should be responsible for the accuracy and suitability of their work. Although the Accounting Officer supervise and reviews the consultants' work, no modifications should be made in the final documents prepared by the consultants without mutual agreement. In the case of supervision of works, consultants may have more or less authority to supervise, from full responsibility as an independent engineer, to that of advisor to the client with little authority to make decisions, as determined by the Accounting Officer and captured in the contract agreement between the Accounting Officer and the consultant.

- Any granting of a substantial extension of the stipulated time for performance of a contract, agreeing to any substantial modification of the scope of the services, substituting key staff, waiving the conditions of a contract, or making any changes in the contract that would in aggregate increase the original amount of the contract by more than 15 percent, will be subject to the approval of the Accounting Officer or his/her delegate.

8.18 Disbursements

The responsibility for the implementation of the project and therefore for the payment of consulting services under the project, rests solely with the Accounting Officer.

8.19 Confidentiality

- The process of proposal evaluation is to be confidential until the contract award is notified to the successful firm. Confidentiality enables the Accounting Officer to avoid either the reality or perception of improper interference. If, during the evaluation process, consultants wish to bring additional information to the notice of the Accounting Officer, they should do so in writing.
- If consultants wish to raise issues or questions about the selection process, they should communicate directly in writing with the Accounting Officer in this regard. All such communications should be addressed to the chief of the division for the relevant sector for the Accounting Officer.
- Communications that the Accounting Officer received from consultants after the opening of the technical proposals should be handled as follows:
 - * In the case of contracts any communication should be sent to the Accounting Officer for due consideration and appropriate action.
 - * If additional information or clarification is required from the consultant, the Accounting Officer should obtain it and comment on or incorporate it, as appropriate, in the evaluation report.

8.20 Debriefing

If after notification of award, a consultant wishes to ascertain the grounds on which its proposal was not selected, it should address its request in writing to the Accounting Officer. If the consultant is not satisfied with the explanation given by the Accounting Officer, the consultant may refer this matter to the relevant treasury, Public Protector or court of law.

8.21 Dispensing with Normal Bidding Processes: Consultants

Notwithstanding the provisions of applicable legislation, regulations as well as clause 9.2.8 of this policy, the RLM may deviate from normal bidding procedures where special circumstances arise in the appointment of consultants, whereby it may not be practical or

expedient to implement Standard Procurement Procedures. Such circumstances may include the following:

- (a) Application of specialist technology or expertise where there is limited capacity in the market or an exclusive right such as a patent or copyright is in effect and the application of such specialist technology or expertise is in the Council's interest.
- (b) Continuity of previous works, which requires the re-appointment of a consultant in order to avoid undesirable contractual situations which are not in the council's interest, or where such continuity will provide time or financial benefit to the council.
- (c) Investigation which requires specialized testing and expertise may be allocated to universities, technikons, the Council of Scientific and industrial Research and similar institutions whenever it is in the Council's interest to do so.
- (d) Unforeseen circumstances, such as, emergency, whereby implementation of normal administrative procedures would be impractical.

8.22 Guidelines for Procurement of Engineering and Construction Works

The implementation guidelines for engineering and construction works follows the process which has been developed by government to guide organs of state, who are the implementing agents, through the process of Targeted Construction Procurement in the engineering and construction works projects.

The Construction Industry Development Board (CIDB) best practice guidelines for construction projects must, in conjunction with the Supply Chain Management policy, be used. These guidelines provide a step by step bidding process for construction projects.

The principle of the government's Affirmative Procurement Policy and the 10-point plan for targeted procurement constitutes the basis for the implementation guidelines. The guideline addresses the following points:

- (a) The unbundling of large projects into smaller manageable contracts
- (b) Increasing employment opportunities
- (c) The classification of building and engineering contracts
- (d) The development of a preference system based on PPPFA regulations 2011.

8.22.1 Targeting Strategies

8.22.1.1 Target Groups

For all classes of contracts, persons historically disadvantaged by unfair discrimination due to race are targeted in an appropriate capacity in order to achieve stated socio-economic objectives. The target groups for each class of contracts are as follows:

- (i) Micro contracts: target Affirmable Business Enterprises (ABE's), and Women Equity Ownership (WEO's), performing as prime contractors.
- (ii) Minor contracts/Specialist contracts: targets ABE's and WEO's performing as prime contractors.
- (iii) Major contractors: targets ABE's performing as sub-contractors and suppliers, manufacturers and service providers. Note should be taken, however, that ABE's are not precluded from catering as prime contractors, or joint venture partners, and in fact, should be encouraged to do so.

8.22.1.2 Contract Participation Goal: SANS 1914 (ABE)

The contract participation goal is defined as an amount equal to the percentage of the award value of goods, services and works for which the prime contractor contracts to engage ABE's in the execution of the contract.

Realistic minimums (for which no adjudication points are earned) and maximums (for which maximum adjudication goals are earned) contract participation goals must be specified for each major contract. It must be pointed out that these minimum and maximum will vary depending on the nature of the contract.

In highly specialized contracts both the minimum and the maximum limits will be lower as compared to contracts involving a diverse range of relatively straightforward operations.

As far as Micro, Minor and specialized contracts are concerned, no participation goal is specified.

8.22.1.3 The Local Resource Goal

The local resource goal is defined as an amount equal to the total sum of wages and allowances for which the contractor contracts to engage local labour, and the value of goods and services, and works for which the contractor contract to engage local enterprises in the performance of the contract, exclusive of VAT and all allowances for escalation provided for by the RLM.

For the purpose of the Council's implementation plan, a local resource goal will only be specified if appropriate.

The actual local resource goal specified will vary from contract to contract depending on the nature of work to be performed. For highly mechanized construction projects the local resource goal might be more difficult to achieve as compared to projects utilizing labour-intensive methods of construction. It is therefore important for the implementing agent to assess and set realistic limits for the contract.

8.22.1.4 The Bidding Procedure: Engineering and Construction works

Process/Steps

The bidding procedure for engineering and construction works shall utilize the standard Construction Procurement Process, Procedures and methods (SANS 294) as provided for in the Construction Industry Development Board (CIDB), Act, Act 38 of 2000.

Standard construction bid documents (SANS 10403), as required by the CIDB, shall be used for all construction related procurement.

8.22.2 Adjudication of Bids: Engineering and Construction Works

8.22.2.1 General

The adjudication of engineering and construction works shall be standardized in accordance with the provisions of the Construction Industry Development Board as enshrined in the CIDB Act, Act 38 Of 2000, in conjunction with its Regulations and other relevant applicable legislation.

Bidders may offer a price and a participation goal/resource goal (major contracts) or offer a price and claim preferences for their enterprise status

8.22.2.2 Points for Empowerment Objectives.

- a) The maximum points allocated for specific goals for each bid will be used to determine points achieved for such goals.

b) **Major contracts**

Points may be awarded for the extent to which the tendered development goal (contract participation goal, targeted labour goal, and local resource goal) exceeds the specified minimum. The basis of award is as follows:

$$NG = a \left(\frac{CPG - CPG_{min}}{CPG_{max} - CPG_{min}} \right) + b \left(\frac{LRG - LRG_{min}}{LRG_{max} - LRG_{min}} \right)$$

Where:

NG = the number of tender adjudication points awarded for Developmental goal.

A and B = the weights assigned to the contract participation goal and local Resource goal.

CPG = the contract participation goal offered by the tender.

CPG Max = the maximum specified contract participation goal.

LRG = the local resource goal offered by the tender.

LRG Min = the minimum specified local resources goal

LRG Max = the maximum specified local resource goal

CPG Min = the minimum specified contract participation goal

8.23 Recommendations and Acceptance of Bids: Engineering and Construction Works

A bid should be subjected to risk analysis by the Bid Evaluation Committee to ensure that if accepted, would not place the RLM or the bidder at undue risk. If the analysis is satisfactory, the bid would be recommended for acceptance. The following important feature, among others, should be considered.

- (a) Ability to supervise and control labour, and if required to supply materials and provide plant/ transport.
- (b) Understanding the scope of the work required
- (c) Available expertise and previous similar contracts executed.
- (d) Unduly high individual rates
- (e) Unduly low individual rates
- (f) Imbalances in pricing and
- (g) Surety

8.24 Penalties for Non-Compliance

Penalties for non-compliance with bidded development goals must be specified in the bid documents.

8.25 Guidelines for Procurement of IT Related Goods and Services

The RLM supply chain management policy allows the Accounting Officer to request the State Information Technology Agency (SITA) to assist the municipality with the acquisition of IT related goods and services through a competitive bidding process.

The parties, however, must enter into a service level agreement to assist in the regulation of services rendered by and payments made to SITA

The Accounting Officer must notify SITA together with a motivation of the IT needs of the municipality if:

- a. The transaction value of IT related goods and services required by the municipality in any financial year will exceed R50 million (VAT included)
- b. The transaction value of the of a contract to be procured by the municipality for one or more years exceed R50 million (VAT included)

If SITA comments on the submission and the municipality disagree with such comments, the comments and the reasons for rejecting or not following such

comments must be submitted to Council, the National treasury, provincial treasury and the Auditor General.

8.26 Guidelines for the Procurement of Banking Services

Contracts for the provision of banking services to the RLM:

- a. Must be procured through competitive bids
- b. Must be consistent with sections 7 or 85 of the MFMA
- c. May not be a period of more than five (5) years at a time

The process for the procurement of a banking services contract must commence at least nine months before the end of an existing contract

The closing date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper. Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990)

8.27 Guidelines for the Procurement of Goods and Services under Contracts Secured by Other Organs of State

The RLM may procure goods and services under a contract secured by another organ of state, but only if:

- a. The contract secured by that other organ of state was secured by means of a competitive bidding process applicable to that organ of state
- b. The municipality has no reason to believe that such contract was not validly procured
- c. There are demonstrable discounts or benefits for the municipality to do so
- d. That other organ of state and the provider have consented to such procurement in writing.

NB: RLM will refer all procurement through regulation 32 to the BAC for the recommendation to the Accounting officer.

8.28 Procurement of Goods Necessitating Special Safety arrangements

The acquisition and storage of goods in bulk (other than water) which necessitates special safety arrangements, including gases and fuel, should be avoided where possible

Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the Accounting Officer.

8.29 Proudly South African Campaign

The municipality supports the Proudly SA Campaign to the extent that, all things being equal; preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district
- Secondly – suppliers and businesses within the relevant province
- Thirdly – suppliers and businesses within the Republic of South Africa

8.30 Unsolicited Bids

In terms of section 113 of the MFMA a municipality is not obliged to consider unsolicited bids received outside its normal bidding process. If the municipality, however, decide to consider an unsolicited bid, it may do so only if:

- The product or service offered in terms of the bid is a demonstrably or proven unique innovative product
- The product or service will be exceptionally beneficial to, or have exceptional cost advantages for the municipality.
- The person who made the unsolicited bid is the sole provider of the product or service
- The reasons for not going the normal bidding process are found to be sound by the Accounting Officer

If the bid is considered the municipality must make its decision public in terms of section 21A of the Municipal System Act, and must provide:

- Its reasons as to why the bid should not be opened to other competitors
- An explanation of the potential benefits for the municipality were it to accept the unsolicited bid
- An invitation to the public and other potential suppliers to submit their comments within 30 days of the notice

The received comments, including any responses from the unsolicited bidder, must be submitted to the National and provincial treasury for comment

The bid adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the Accounting Officer.

The adjudication committee meeting for considering the unsolicited bid must be open to the public and comments of the public and any written comments of the National or Provincial Treasury must be taken into account.

8.31 Combating of Abuse of Supply Chain Management System

The Accounting Officer must:

- a.** Take all reasonable steps to prevent abuse of the supply chain management system
- b.** Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this policy, and when justified:
 - i. Take appropriate steps against such official or other role player, or
 - ii. Report an alleged criminal conduct to the South African Police Services
- c.** Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector
- d.** Reject any bid from a bidder:
 - i. If any municipal rates and taxes or municipal services charges owed by that bidder or any of its directors to the municipality or to any other municipality, are in arrears for more than three months, or
 - ii. who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory
- e.** Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competition for the particular contract
- f.** Cancel a contract awarded to a person if:
 - i. The person committed any corrupt or fraudulent act during the bidding process or the execution of the contract, or
 - ii. An official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person,
 - iii. Should it come to light that a false declaration was made by the bidder after the municipality had awarded the bid.
- g.** Reject the bid of any bidder if that bidder or any of its directors:
 - i. Has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system

- ii. Has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years
- iii. Has been convicted for fraud or corruption during the past five years
- iv. Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities act (No 12 of 2004)

“(h) Remedies

- (i) The Municipality must act against the bidder or person awarded the contract upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the contract conditions have not been fulfilled.
- (ii) The Municipality may, in addition to any other remedy that it may have against the bidder or person:
 - Disqualify the bidder or person from the bidding process;
 - Recover all costs, losses or damages it has incurred or suffered as a result of that person’s conduct;
 - Cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
 - Cancel the contract when it comes to light that the bidder has made false declaration during the bidding process;
 - Restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after applying the Audi alter am partum (hear the other side) rule; and
 - Forward the matter for criminal prosecution.”

The Accounting Officer must inform the National Treasury and relevant provincial Treasury in writing of any actions taken in terms of paragraphs (b), (e) or (f) of this policy as indicated above

8.32 Bid Evaluation Reports

Bid evaluation reports should record all pertinent details pertaining to the award of the contract (refer to stage 4 of procurement flowchart no.5 in the Procurement Procedure Manual).

Guidelines for Written Evaluation Reports

(i) Main Components of Bids:

- a) Date issued
- b) Closing date
- c) Validity period
- d) Where bid was advertised

(ii) Reference, i.e. contact name and number of author (s)

(iii) Project description

(ii) Aim of the report

(iii) The scope, background and purpose of the work required

(vi) Estimated amount of the contract

(vii) Bid evaluation criteria used

- a) Risk analysis
- b) Preference point system used
- c) Schedule of prices and bidders

(viii) Financial break down:

- a) Amount budgeted for the project
- b) Indicate whether the bid price is subject to variations
- c) Indicate the vote number for the project

(ix) Recommendations:

- (a) The bidder being recommended
- (b) Reasons and motivation for the recommendation
- (c) Reasons for passing over other duly lodged bids.

CHAPTER 9

9.1 Acceptance of Bids

9.1.1 Letters of Acceptance

Successful bidders shall be advised of the acceptance of their bids by a letter of acceptance. The letter shall be sent to the successful bidder by fax or registered mail. The contract becomes effective from the time when the letter of acceptance is handed over to the South African Post Office Ltd, provided that this happens before the expiry of the validity period.

9.1.2 Binding Contract

A binding contract is concluded when a bidder's offer is accepted unconditionally by the RLM, before the validity period has expired. A bid together with all the documents such as, specification, bid and contract conditions, general conditions, letter of acceptance, etc. which together make up the full contract documents, becomes a binding contract when both parties, the bidder and the RLM, have signed the relevant documents.

By signing the bid contract form the bidder has already signed his/her part of the contract. The signing of the letter of acceptance represents the signing of the contract by the RLM, which action concludes a binding contract provided the letter of acceptance is handed over before the expiry of the validity period.

9.1.3 Basis of Placing Orders

The letters of acceptance serve as the basis for placing orders and for the administration of the contract, as well as for the settlement of disputes. The contents and format of the letter must be in such a manner that provisioning administration personnel may carry out the above-mentioned actions in a meaningful and responsible manner. Therefore, all relevant information must be included in the letters of acceptance.

9.1.4 Conditions in the Letter of Acceptance

Care must be taken to ensure that letters of acceptance contain no conditions other than those in the original conditions of the bid.

9.1.5 Joint Bids or Bids on Behalf of Companies Still to be incorporated.

The RLM shall ensure that all parties to the contracts are bound by the conditions of the contract. The firms or persons entered into such arrangements must each receive a letter of acceptance addressed to their own addresses, and it must be ensured that all the parties have signed the bid documents properly.

If more than one company bid as a consortium, the letter of acceptance must be addressed to the company that signed the bid on behalf of the consortium.

9.1.6 Signing of Letters of Acceptance

All correspondence, including letters of acceptance, is signed on behalf of the Accounting Officer. This is an administrative arrangement, and although the Accounting Officer accepts accountability for the contract which is concluded, the signatory remains co-responsible for the contract and for the correctness of the data supplied.

9.1.7 Correction of Letters of Acceptance

Mistakes in the letters of acceptance must be reported to the Accounting Officer immediately. Efforts must be made without delay to recover the original letter of

acceptance from the contractor. The end-user concerned will also be advised of the mistake and s/he, too, will be requested to return his/her copy of the letter of acceptance so that the incorrect placing of orders can be avoided.

9.1.8 Formal Contracts

Where further documentation is signed by all parties concerned as an agreement, in addition to the letter of acceptance, it is defined as a formal contract. Such formal contracts would normally be stated as a bid requirement in the bid document. The contract is concluded at the time that the letter of acceptance is posted, even if the formal contract is still to be signed at a later date, unless otherwise stated in the bid documents.

9.2 Extension or Varying of Contracts

9.2.1 The Municipal Council may resolve to extend or vary a contract if:

- (a) It is an emergency
- (b) It is a matter of necessity
- (c) It is deemed appropriate by Council that this would enhance administrative efficiency and effectiveness

9.2.2 The Municipal Council may not extend or vary a contract:

- (a) For an amount exceeding twenty (20) percent for construction related goods and/or infrastructure projects; and not exceed fifteen (15) percent for all other goods and/or services of the original value of the contract.
- (b) Anything beyond the abovementioned thresholds must be reported to council, and approval for such variation shall be sanctioned by the Bid Adjudication Committee or Accounting Officer

9.2.3 Within one month of such an extension the matter must be:

- (a) Published by the Municipal Council in the appropriate newspaper circulating within the boundaries of the municipality
- (b) Displayed at a prominent place that is designed for that purposes by the Municipal Council

The matters to be published and displayed are:

- (a) The reasons for dispensing with the procurement procedures, as specified in the Local Government: Municipal Finance Management Act
- (b) A summary of the requirements of the goods and/or services supplied/rendered
- (c) Details of the person, organization, or corporation supplying the goods or services

The functions of the Municipal Council in terms of this section may not be assigned nor delegated.

PART THREE

CHAPTER 10

LOGISTICS, DISPOSAL, RISK and PERFORMANCE MANAGEMENT

10.1 LOGISTICS MANAGEMENT

The Accounting Officer must establish and implement an effective system of logistics management, which must include:

- a.** The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number
- b.** The setting of inventory levels that includes minimum and maximum levels and lead times whenever goods are placed in stock
- c.** The placing of manual or electronic orders for all acquisitions other than those from petty-cash
- d.** Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of the contract and specifications, where applicable, and that the price charged is as quoted in terms of the contract.
- e.** Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased
- f.** Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes.
- g.** Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services

PART FOUR

10.2 DISPOSAL MANAGEMENT

10.2.1 Disposal and Letting of Municipal Assets

In terms of the above mentioned sections of the Act the RLM needs to make provision for an effective disposal management system for the disposal or letting of assets, including unserviceable, redundant or obsolete assets.

The Disposable Management System stipulates that:

- i. The RLM will develop a disposal strategy for goods that are redundant, irreparable or obsolete.
- ii. A Disposal Committee will be established comprising of the Chairperson and two other members tasked with the responsibility of verifying and recommending goods to be disposed of.
- iii. Immovable property may be sold at market related prices, only with the authorization of Council, except in cases where public interest or the plight of the poor demands otherwise
- iv. Movable assets may be sold by way of written quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous to the municipality
- v. In the case of disposal of computer equipment, the Provincial department of Education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment
- vi. In the case of the disposal of firearms, the National Conventional Arms Control Committee must approve any sale or donation of firearms to any person or institution within or outside the republic

The Disposal Management System also provides that:

- i. Immovable property may be let at market related rates except where public interests or the plight of the poor demands otherwise
- ii. All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property must be reviewed on an annual basis

The disposal management system must ensure that where assets are traded in for other assets, the highest price is negotiated

- 10.2.2** A municipality may transfer ownership or otherwise dispose of a capital asset only after the Municipal Council, in a meeting open to the public:
- a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic Municipal services
 - b) Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset
- 10.2.3** A decision by a Municipality Council that a specific capital asset is not needed to provide the minimum level of basic Municipal services may not be reversed by the Municipality after the asset has been sold or disposed of.
- 10.2.4** A Municipal Council may delegate to the Accounting Officer of the Municipality its power to transfer or otherwise dispose of capital assets in respect of movable capital assets below a specific value determined by the Council.
- 10.2.4** Any transfer of ownership or disposal of Municipal capital assets must be fair, equitable, transparent and competitive, and must adhere to the following prescribed procedure:
- (a) The preferential Procurement Regulation ,2011 is not applicable to the sale and letting of assets.
 - (1) In instances where assets are sold or leased by means of bidding process, the bid must be awarded to the bid with highest price.
- 10.2.5 The Accounting Officer must ensure that:**
- a. Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise
 - b. Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous
 - c. Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee
 - d. Immovable property is let at market related prices except when the public interest or the plight of the poor demands otherwise
 - e. All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed
 - f. Where assets are traded in for other assets, the highest possible trade-in price is negotiated

- g. In case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment

PART FIVE

10.3 RISK MANAGEMENT

The implementation of the supply chain management policy shall also make provision for an effective Risk Management system. This system will assist the municipality in the identification, consideration and avoidance of potential risks.

The Risk Management System includes:

- a. The identification of risks on a case-by- case basis
- b. The allocation of risks to the party best suited to manage such risks
- c. The acceptance of the cost of risk where the cost of transferring risk is greater than that of retaining it
- d. The management of risks in a pro-active manner and the provision of adequate cover for residual risks
- e. The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation

The municipality is tasked with setting of criteria throughout the supply chain management system for the identification, consideration and avoidance of potential risks in the entire system.

Risk considerations may include, amongst others, the following:

- Sureties
- Retentions
- Payments
- Cessions
- Assignments
- Insurance
- Penalties
- Cost escalations

PART SIX

10.4 PERFORMANCE MANAGEMENT

The Accounting Officer must establish and implement an internal monitoring system in order to determine, on the basis of retrospective analysis, whether the authorized supply chain management processes were followed and whether the objectives of this policy were achieved.

Performance management shall focus on the following vital areas:

- Achievement of set goals
- Compliance to norms and standards
- Saving generated due to efficient procedures used
- Stores efficiency
- Cost variance per item in cases where same items are procured for different stores or regional areas
- The frequency of contract breaches
- Cost efficiency of procurement processes (costs incurred due to procedures used)

Performance management must also ensure that the supply chain management practitioners and other stake holders achieve prescribed levels of competence. This can only be attained through ample training opportunities.

CHAPTER 11

11.1 ADMINISTRATION OF CONTRACTS

This chapter serves to provide the minimum conditions of contracts that regulate the relationship between contracting parties. Most contracts, especially civil engineering and construction, have standing general conditions that regulate and govern the relationship between the client and the contractor. The GCC as published by National Treasury must be used for all goods and services. Such existing general conditions may be used in conjunction with the minimum requirements as outlined in this chapter.

However, where no such standing general conditions exist, the minimum requirements as outlined in this chapter shall prevail in regulating the relationship between contracting parties, as well as, providing mechanisms for recourse in cases of breach or non-performance.

11.1.1 Settlement of Disputes

Should any dispute or difference arise as to the interpretation of the conditions of a contract order, the Accounting Officer shall have the option of dealing with the claim directly to determine such dispute or difference.

The contractor shall be informed in writing of the decision, and the said decision shall be binding on the parties. If the contractor rejects the decision, he/she must do so in writing

within twenty one (21) days, and will be entitled to have recourse in the Courts of Law of the Republic.

11.1.2 Orders

Supplies shall be delivered and service rendered only upon receipt of a written official order.

11.1.3 Non-Contractual Purchases

In cases where the service provider is unable to supply RLM with the agreed upon quantities of goods and/or services, the RLM will have the prerogative to acquire small quantities of same, outside the contract.

- (a) In cases of emergency
- (b) When the contractor's point of supply is not situated at or near the place where the supply is required
- (c) If the contractor's supplies or services are not readily available

11.1.4 Guarantees

The contractor shall guarantee for a minimum period of twelve (12) months that no faulty material or workmanship was used in the manufacture of supplies or in the execution of services, and that the finish is not defective. The period of guarantee shall commence on the date of receipt of the supplies or handing over of the service.

The liability of the contractor under guarantee shall inter-alia also cover the free delivery to the municipality and where parts are to be replaced, then free installation.

11.1.5 Payment of Suppliers

Payment will be effected after the supplier has satisfactorily complied with his/her obligations for which payment is claimed, within thirty (30) days of receipt of all required and correct documentation in every respect. Payment shall be made to the supplier only. In exceptional cases when payment is claimed by another party, the latter shall produce a written transfer of power of attorney or authorization.

11.1.6 Quality

Goods supplied and services rendered shall be in accordance with, and the contractor guarantees they are equal in all respects to, the sample, patterns, drawings and specifications stipulated in the contractor's order, unless otherwise specified.

11.1.7 Inspection, Test and Analysis

All pre-bid testing will be for the account of the bidder.

Inspection, testing and analysis will be carried out prior to dispatch in regard of such contract supplies as may be deemed necessary by the municipality. The contractor shall provide all the required facilities for inspections, tests, and analyses of the supplies free of charge, and shall provide all the materials, samples, labour and available apparatus which may be required for the purpose of such inspections tests and analyses, free of charge.

If there are no inspection requirements in the bid documents, and no mention is made thereof in the letter of acceptance, but during the contract period it is decided that inspection should be carried out, the relevant department shall make necessary arrangements, including payments arrangement with the relevant testing authority concerned.

Where supplies are rejected they shall be held at the cost and risk of the contractor, who shall, when requested to do so, remove them immediately at his own cost, and forthwith substitute them with supplies that do comply with the requirements. Should the contractor fail to provide the substitute supplies forthwith, the Municipality may, without giving the contractor further opportunity, purchase such supplies as may be necessary at the expense of the contractor. The contractor shall refund transport costs and other expenses with regard to the required supplies.

11.1.8 Performance Guarantees

In terms of the General Conditions, in cases where contractors do not perform as required, the RLM has the right to be compensated for losses suffered as a result of such non-performance. The following steps may be taken by the Municipality:

- (a) Terminate the contract
- (b) Acceptance of another less advantageous contract
- (c) Withhold deposit
- (d) Claim for damages suffered thereof
- (e) Impose penalties

Although performance guarantees may be required in certain cases, the matter must be considered in the light of the rights of the RLM as set out in the General Conditions, before performance guarantees are insisted upon, since the cost of providing them will probably be recovered from the Municipality in the form of a higher price.

11.1.9 Failure to Comply with Conditions and Delayed Executions

If a bidder has been notified that his/her bid has been accepted and he/she fails, within the period stipulated in the bid conditions to sign a contract, or provide security when required to do so, he/she shall forfeit any deposit which may have been made within the department.

Should he/she fail to comply with any conditions of the contract, the RLM shall be entitled to cancel the contract.

Upon any delay beyond the contract period in the case of a supplies contract, the department shall, without cancelling the contract, be entitled to purchase supplies of a similar nature and quality and up to the same quantity in making good the deficiency in conformity with the contract, and to return any supplies delivered later at the contractor's cost and risk, or to cancel the contract and purchase such supplies as may be required to complete the contract, and be entitled to claim damages from the contractor.

Upon any delay beyond the contract period in the case of a service contract, the department may, without cancelling the contract, be entitled to arrange for the execution of the service not rendered, or cancel the contract and be entitled to claim damages from the contractor.

No penalties or damages shall be claimed in any period of delay that the contractor can prove to the satisfaction of the **RLM** to be directly due to a state of war, sanctions, strikes, lockouts, and damage to machinery as a result of accidents e.g. fire, floods, or an act of God, which could have not been foreseen by the contractor. Such circumstances shall be forthwith reported to the Accounting Officer, and the contractor shall indicate the extension of the delivery period desired.

11.1.10 Remedies in case of bribes

If the RLM is of the opinion that a bidder, in obtaining a contract has given or offered an employee, councillor or any person a bribe, commission, gift, loan, the Accounting Officer must:

- (a) In the case of a bid disqualify his/her bid.
- (b) In the case of an awarded contract, cancel the contract;
- (c) Investigate the matter or if the RLM is not in a position to conduct such an investigation, appoint a suitably qualified person; and
- (d) Report the matter to the South African Police Services
- (e) If proven guilty, restrict the supplier and all its directors, shareholders etc. from obtaining public work for a period not exceeding 10 years, to be decided on by the Accounting Officer
- (f) Report the matter to Provincial and National Treasury for inclusion on the register for tender defaulters in terms of Prevention and Combating of Corrupt Activities Act: Act 12 of 2004.

11.1.11 Restrictions from Tendering

The Bid Adjudication Committee may consider effecting a restriction against a bidder, subject to its delegated powers, if it is of the opinion that a bidder:

- (a) Has amended or withdrawn an offer after closing time for receipt of offers, but before he/she has been notified of its acceptance. (Bidders, however, may withdraw their bids at any time prior to the award. To award the bid to a bidder

whose bid has been withdrawn in this manner will be futile to the RLM as no common purpose would still exist between the RLM and such a bidder)

- (b) Has failed to sign a contract or to provide security within the period stipulated in the conditions of the bid
- (c) Fails to react to written notices sent to him/her by fax, registered or certified post to effect appropriate remedies
- (d) Who has promised, offered, or given a bribe.

11.1.12 Remedies in case of Death, Sequestration, Liquidation or Judicial Management

In the event of death of a contractor or provisional or final sequestration of his/her estate, or if he/she should surrender his/her estate, or if his/her reaching a compromise with his/her creditors or of the provisional or final liquidation of a contractor's company, the Municipality may exercise the following options:

- (a) Cancel the contract and accept any of the bidders which were submitted originally with that of the contractor. In such a case, the estate of the contractor shall not be relieved from liability for any claim which may arise against the contractor in respect of supplies not delivered, or work not carried out by him/her under the contract. The Municipality shall have the right to hold and retain all or any of the securities and retention monies held by it at the date of the aforesaid occurrence, until such claims have been satisfied.
- (b) Allow the executor, trustee, liquidator or judicial manager on behalf of the contractor at the expense of the estate, to carry on and complete the contract.
- (c) The RLM may take over the contract, and utilize without payment the contractor's tools, plant, and materials in whole or in part, until the completion of the contract.
- (d) Should the Municipality act in this manner, the contractor must leave the premises immediately, and may not occupy such premises on account of retention or any other right.

11.1.13 Contractor's Liability

In the event of a contract being cancelled, the contractor shall be liable to pay the RLM any losses sustained, and/or additional costs or expenditure incurred as a result of such a cancellation. The RLM shall also have the right to recover such losses, damages, or additional costs by means of set-offs from moneys due, or from guarantees provided for the due fulfilment of the contract.

The contractor may be liable for any consequential damage and loss sustained which may be caused by any defect in the supplies or services rendered.

11.1.14 Sub-Contracting

- A bidder must not be awarded the points claimed for B-BBEE status level of contribution if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the contract value to any other enterprise that does not qualify for at least the same number of points that the bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- A contractor is not allowed to sub-contract more than 25% of the contract value to another enterprise that does not have equal or higher B-BBEE status level, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.
- In relation to a designated sector, a contractor must not be allowed to sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

11.1.15 Non-firm Prices

Price adjustment shall be considered where non-firm prices are offered on condition that acceptable documentary proof of the price fluctuation is submitted.

11.1.16 Rates of Exchange

A bidder may be compensated for rate exchange variations, provided that he/she states that his/her bid prices are subjected to rates of exchange at the time of bidding stipulated in his/her bid document.

11.1.17 Price Adjustment: Documentary Proof and Period of Claims

The adjustment of prices shall cover the period between the closing date of a bid and the final delivery date in terms of the contract.

Documentary proof or a certificate of audit, issued and signed by a registered chartered accountant external to the business of the contractor, in substantiation of the price adjustment claimed and the effect thereof on the contract price shall be submitted by the contractor together with his claim, to the satisfaction of the Bid Adjudication Committee.

Claims against the Municipality shall be proven to the satisfaction of the Accounting Officer, and the relevant department as soon as possible, but in any case, not later than the following:

- (a) In cases of period contracts, ninety (90) days after the change in cost, or the date of advice of acceptance of bid, whichever date is the later. Prices will be adjusted with effect from the date on which the claim was proven to the satisfaction of the RLM.
- (b) In case of non-periods contracts, ninety (90) days from the date on which the firm contractual delivery period expired if the contractual delivery period was adhered

to. If the contractor does not claim within ninety (90) days, he shall forfeit his claim to price adjustment, unless otherwise decided by the RLM.

- (c) In case where a price adjustment is in favour of the Municipality, such a favourable difference shall on demand be paid forthwith by the contractor to the RLM, or the RLM may deduct such amounts from money's (if any) which may otherwise be due to the contractor in regard to supplies or services which he/she delivered or rendered in terms of the contract.

The following standard formula structure is prescribed for calculating price adjustments:

$$Pa = (I-V) Pt \left[D1 \frac{R1t}{R10} + D2 \frac{R2t}{R20} + Dn \frac{Rnt}{Rno} + vpt \right]$$

Where:

Period = the time period between price adjustments

Pa = the adjusted price or tariff for each period

V = the fixed portion of the price or tariff which must not be smaller than 0,15

Pt = the price or tariff at tender date

D1, D2. up to Dn = The portion (as a fraction) of the price or tariff which will be coupled to the indices R1, R2,.. up to Rn respectively.

R1, R2 .up to Rn = The index series which:

⇒ must be applicable to the type or work concerned

⇒ Preferably must be issued by the Central Statistics Services of SEIFSA, or

⇒ Otherwise must be the Procurement Committee

O = the suffix which indicates the index figure at the date of tendering and will be for the purpose of applying the formula, serve as base suffix throughout the contract period. In practice the index figure applicable three month prior to the date of tender may be used.

T = the suffix which indicates the index figure to be used for the adjustment of price or tariff for the next period. Once again the index figure applicable three months prior to the start of the next period may be

used. Prices or tariffs are fixed at the quoted level for the first period and thereafter remain fixed as adjusted for each period.

After a price or tariff has been adjusted, all the factors thereof including costs such as labour, transport, etc. must be proportionally adjusted in cases where this is required for the payment of invoices.

11.1.18 Stamp Duty, Bank Charges, etc.

The contractor is responsible for stamp duty, bank charges, bank interest and other like charges in respect of the contract.

11.1.19 Royalties and Patent Rights

The contractor is responsible for all expenses and other liabilities in regard to royalties, patent rights, trademarks, or any other protected rights in respect of goods supplied by him/her to the RLM, and s/he indemnifies the RLM against any claims that may arise in connection with such rights.

11.1.20 Contractor in Possession of State Property

Municipal property supplied to a contractor for the execution of a contract remains the property of the RLM, and shall at any time be available for inspection by the Municipality's representatives, and it shall be returned to the Municipality at the end of the contract.

11.1.21 Statements of Supplies

The contractor shall furnish particulars of supplies delivered and services rendered when required to do so. If the contractor fails to do so, the Municipality may institute inquiries at the expense of the contractor to obtain the required particulars.

11.1.22 Security and Insurance

Where security is required, particulars thereof are indicated in the bid documents. Securities include:

- (a) A guarantee by a banking institution
- (b) A guarantee by an insurer registered in terms of the Insurance Act.
- (c) A guarantee by small business development corporation
- (d) Cash
- (e) Negotiable stocks for Government consumption
- (f) A Security Bond, in the case of service contractor

In the case of a contractor's inability to raise the required guarantee within the set timeframes after the award of a contract, as stipulated in the bid documents, the RLM

may, in line with its BEE policy, withhold ten percent (10%) of the total Rand value of the contract, as a retention, for a specified period after the completion of the project.

Contractors may be required, where such requirement is stipulated in the bid documents, to provide liability insurance for awarded projects

11.1.23 Transfer of Contracts

The contractor shall not abandon, transfer, assign or sublet a contract or part thereof without prior authorization from the RLM.

11.1.24 Right to Procure Outside the Contract

The right is reserved to procure outside the contract, small quantities, or to have minor essential services executed if an emergency arises, or the contractor's supply point is not situated near the place where the supplies are required, or the contractor's services are not readily available.

11.1.25 Extension of Delivery Periods

Motivated applications for extension of delivery periods in respect of ad-hoc contracts may be considered favourably by the end-user, but are subject to the restriction that no price adjustment, which arises during the extended period, will be considered.

Price adjustments, however, during the extended period may be considered favourably if the extended delivery period was requested by the RLM, or when delayed deliveries are caused by the actions of the RLM. For instance, when the RLM cannot make a site available in time, the contractor may be compensated for the additional time he has to spend on site.

11.1.26 Placing Orders Near the End of the Contract Period

If details of the new contract are known, orders may be placed with the new contractor for delivery during the new contract period provided that this does not infringe on the existing contract and vice versa. Orders must be placed in accordance with the normal routine of ordering. Orders may not be manipulated in order to benefit or prejudice any of the contractors.

If the order has been placed correctly but the contractor's delivery period is not firm, and he does not deliver within the contract period, he must be requested to indicate when delivery will take place. If the date is not acceptable to the end-user and it would be more advantageous to place the order in terms of the new contract, the order may be cancelled with the agreement of the contractor.

When cancellation of order is being considered, circumstances such as whether the order is for supplies which have to be specially manufactured, the progress already made with manufacture, possible delays, etc., must be taken into account

11.1.27 Legal Remedies in Cases of Incorrect Preferences

If a contractor should win a contract on the basis of wrong information which he has supplied regarding the preferences which he has claimed, and it is shown later that the information is incorrect, then in terms of the PPPFA and in addition to any other legal recourse which it may have, the **Bid Adjudication Committee** shall have the power to:

- (a) Recover any costs or damage which the RLM might have suffered as a result of the conclusion of the contract
- (b) Terminate the contract and to recover any losses which the RLM may suffer as a result of having to make less favourable arrangements
- (c) Impose a penalty of not more than five percent (5%) of the monetary value of the contract by written notice addressed to the contractor by the registered mail.

11.1.28 Amendment of Contract

No agreement to amend or vary a contract, or order, or the conditions stipulated, or provisions thereof shall be valid and of any force and effect unless such agreement to amend or vary is entered into in writing and signed by the contracting parties.

11.1.29 Contracts Providing for Compensation on Turnover

If a service provider acts on behalf of the RLM to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate:

- a. A cap on the compensation payable to the service provider, and
- b. That such compensation must be performance based

CHAPTER 12

12.1 UNSATISFACTORY PERFORMANCE

12.1.1 Unsatisfactory Performance: Municipality's Role.

Unsatisfactory performance occurs when performance is not in accordance with the contract conditions. In such cases the RLM must warn the contractor by registered mail that action will be taken in accordance with the contract condition unless he/she complies with the contract conditions and delivers satisfactory supplies or service within a specified reasonable time. If the contractor still fails to perform satisfactorily after such a warning, the RLM may:

- (a) Take action in terms of general conditions, except for cancelling the contract.

- (b)** Make a recommendation to the Accounting Officer for a cancellation of the contract.

If during the guarantee period, a bidder does not comply with the requirements because of faulty material used during manufacture, or faulty finishing, or any deficiency, the contractor shall be requested without delay, by registered mail, to replace or repair the supplied items or services depending on the circumstances.

If supplies or services do not comply with the provision or requirements of the contract, or problems are experienced in the execution of the contract, the matter shall be brought to the attention of the contractor.

12.1.2 Cancellation of Contracts

If acceptable reasons exist, the Accounting Officer shall have the power to withdraw from an agreement without detracting from any of the RLM's rights, and in appropriate cases, shall claim compensation.

Cancellation of a contract may be considered for a variety of reasons, as stipulated in the General Conditions especially for the following:

- (a)** Wrong preferences claimed
- (b)** Non-compliance with contract conditions
- (c)** Delayed deliveries
- (d)** Bribery
- (e)** Death or sequestration of the contractor

Cancellation of contracts is usually detrimental to the RLM; therefore, serious thought must be given to the grounds for considering cancellation. Clarity must be reached beforehand on the question whether the contractor may have a claim against the RLM or not, and if so, whether cancellation can be justified.

If cancellation is decided upon, the following must be addressed:

- (a)** The particular contract condition or section of an Act empowering the action
- (b)** What further arrangements will be made for completing the contract
- (c)** Whether additional costs will be recovered from the contractor

Any claim for the recovery of additional costs must be limited to the minimum actual amounts. Thought must also be given to the possibility of considering the next lowest acceptable bidder in response to the particular bid invitation, for acceptance. As an alternative, a fresh contract may be concluded through the normal bidding procedures. In this process account must be taken of the time elapsed between the closing of the bid, the cancellation of the contract and the effect of the cancellation on the RLM's schedule.

12.1.3 Circumstances for Restriction from the Bidding process

Circumstances under which a bidder may be restricted from participating in a bidding process are set out in the General Conditions. It is important that all the facts are taken into consideration including the persons or organizations reactions to the warnings that must have been issued beforehand. Care must be taken that the prescribed procedures have been followed since the court may find an administrative action, such as imposing of a restriction, is not valid in cases where the person or organisation, for example, has not been given a reasonable time to put the other side of the case, or has not been fully informed of the result of his/her failure to react.

Restrictions shall, however, be imposed if the Bid Adjudication Committee is of the opinion that a person:

- (a) Has amended or withdrawn an offer after the closing time for receipt of offers but before he/she has been notified of its acceptance. (Any Bidder, however, is entitled to withdraw their offer before the award is made)
- (b) Has failed to sign a contract or to provide security within the period stipulated in the conditions of the bid.
- (c) Fails or has failed to comply with any conditions of an agreement, or has performed unsatisfactorily under an agreement.
- (d) Who has concluded an agreement within or outside the RSA for the hiring or letting anything, or the acquisition or granting of any right for or on behalf of the RLM, or for the disposal of movable property, has promised, offered, or given a bribe, or has acted in respect thereof in a fraudulent manner or in bad faith or in any other improper manner.

The Bid Adjudication Committee may, in addition to any other legal remedies resolve that no offer from the person or organization concerned should be considered during such a period as the Committee may stipulate.

The Bid Adjudication Committee may at any time vary or rescind any restrictions imposed on a bidder or bidding organization.

12.2 Resolution of Disputes, Objections, Complaints and Queries

- 1) The Accounting Officer shall be tasked with the appointment of an independent and impartial person not directly involved in the supply chain management processes of the municipality to:
 - a) To assist in the resolution of disputes between the RLM and other persons regarding:
 - i. Any decisions or actions taken by the RLM in the implementation of the supply chain management
 - ii. Assist with any matter arising out of a contract awarded in the course of the implementation of the supply chain management system

- iii. To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contracts
- 2)** The Accounting Officer or another official designated by the Accounting Officer shall be responsible for assisting the appointed person to perform his/her functions effectively
 - a)** The person so appointed must:
 - i. Strive to resolve promptly all disputes, objections, complaints or queries received
 - ii. Submit monthly reports to the Accounting Officer on all disputes, objections, complaints and queries received, attended to or resolved
- 3)** A dispute, objection, complaint or query may be referred to the relevant provincial treasury if:
 - a)** The dispute, objection, complaint or query is not resolved within sixty (60) days
 - b)** No response has been received by the RLM within sixty (60) days
 - i. If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National treasury for resolution
 - ii. The outlined procedure shall, however, not affect a person's rights to approach a court of law at any time for a resolution of the matter.

ANNEXURE 1

DUTIES AND FUNCTIONS OF THE BID ADJUDICATION COMMITTEE

- (a) To take note of the supply chain management policy as approved by Council.
- (b) To approve recommendations submitted by the bid evaluation committee for adjudication.
- (c) To approve recommendations from evaluation committees for the disposal of redundant and other assets executed through the bidding process or auction, whichever is more beneficial to the RLM
- (d) To investigate, where the Committee deems fit, the ownership, relationship, financial standing, track record and capability to perform, of those offering their services or products to the Council through competitive bidding process.
- (e) To interview where required or when deemed necessary prospective suppliers of services/products/plant or other materials/projects to the Council.
- (f) To be involved in the decision-making process regarding the award or recommendation of bids in the following manner:
 - (i) Bids with a Rand Value of more than R200 000.00 shall be adjudicated and approved by the Bid Adjudication Committee.
 - (ii) Bids with a Rand Value above R10 million shall be recommended to the Accounting Officer, by the Bid Adjudication Committee, for consideration and/or approval
- (g) To have cognizance of the budgetary provisions and restrictions in its activities and involvements at all times.
- (h) To act at all times on business and market related principles in its decision-making.
- (i) To inform and educate prospective contractors/suppliers on general tender and quotation procedures.
- (j) To endeavour as far as possible to utilize local entrepreneurs / firms / business in the allocation of contracts.
- (k) To endeavour to purchase plant/products/articles manufactured or supplied by RLM based firms/manufactures/suppliers, unless not fit for the purpose for which it is required, and on condition it is reasonably priced, taking market related prices into account.
- (l) To motivate contractors to utilise local labour, residents, expertise and/or talents in the execution of their duties to Council in terms of contracts allocated.

- (m) Overseeing the implementation of the supply chain management policy.
- (n) Adjudicating all bids above the value required for formal bidding processes as contemplated in paragraph (f) supra.
- (o) Ensuring that the procedures and guidelines developed elsewhere in the Council conform to the requirements of the supply chain management and BEE policies.
- (p) Ensuring that the specific goals outlined in the supply chain management policy are adequately addressed during the adjudication process.
- (q) To appoint consultants to perform certain specialised duties on behalf of the Council in terms of the provisions of the supply chain management policy.
- (r) To be involved in the decision-making process regarding the appointment of Consultants.

ANNEXURE 2**DEFINITION OF A SMALL BUSINESS, SPECIFICALLY AN SMME**

AN SMME (small, medium or micro enterprise) is defined in terms of the National Small Business Act, Act 102 of 1996, as shown in the following table:

PRESIDENT'S OFFICE

No. 1901. 27 November 1996

Sector or subsectors in accordance with the Standard Industrial Classification	Size or Class	Total full-time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
		Less than		Less than
Agriculture	Medium	100	R 4.00 m	R 4.00 m
	Small	50	R 2.00 m	R 2.00 m
	Very small	10	R 0.40 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Mining and Quarrying	Medium	200	R30.00 m	R18.00 m
	Small	50	R 7.50 m	R 4.50 m
	Very small	20	R 3.00 m	R 1.80 m
	Micro	5	R 0.15 m	R 0.10 m
Manufacturing	Medium	200	R40.00 m	R15.00 m
	Small	50	R10.00 m	R 3.75 m
	Very small	20	R 4.00 m	R 1.50 m
	Micro	5	R 0.15 m	R 0.10 m
Construction	Medium	200	R20.00 m	R 4.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	20	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Retail and Motor Trade & Repair Services	Medium	100	R30.00 m	R 5.00 m
	Small	50	R15.00 m	R 2.50 m
	Very small	10	R 3.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Wholesale Trade	Medium	100	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Commercial Agents and Allied Services	Medium	100	R50.00 m	R 8.00 m
	Small	50	R25.00 m	R 4.00 m
	Very small	10	R 5.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Catering	Medium	100	R10.00 m	R 2.00 m
	Small	50	R 5.00 m	R 1.00 m
	Very small	10	R 1.00 m	R 0.20 m
	Micro	5	R 0.15 m	R 0.10 m

Sector or subsectors in accordance with the Standard Industrial Classification	Size or Class	Total full-time equivalent of paid employees	Total annual turnover	Total gross asset value (fixed property excluded)
		Less than		Less than
Storage	Medium	100	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Communications	Medium	100	R20.00 m	R 5.00 m
	Small	50	R10.00 m	R 2.50 m
	Very small	10	R 2.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Finance	Medium	100	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15 m	R 0.10 m
Business Services	Medium	100	R20.00 m	R 4.00 m
	Small	50	R10.00 m	R 2.00 m
	Very small	10	R 2.00 m	R 0.40 m
	Micro	5	R 0.15	R 0.10 m
Community	Medium	100	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m
Social and Personal Services	Medium	100	R10.00 m	R 5.00 m
	Small	50	R 5.00 m	R 2.50 m
	Very small	10	R 1.00 m	R 0.50 m
	Micro	5	R 0.15 m	R 0.10 m

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